



# ***Daily Report***

## **East Asia**

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# Daily Report

## East Asia

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**West, OIC 'Should Work' To Settle Bosnia**

*BK2909100595 Kuala Lumpur Voice of Malaysia  
in English 0800 GMT 29 Sep 95*

[FBIS Transcribed Text] The Organization of Islamic Conference, OIC, and the Western contact group should work together in collaborating efforts to help in the reconstruction of Bosnia-Herzegovina. The call was made by Minister of Foreign Affairs Datuk Abdullah Ahmad Badawi.

Speaking to reporters in New York, he said the establishment of the Bosnian Assistance Mobilization Group could help expedite this move. Earlier, he attended the meeting of the OIC and the contact group.

Meanwhile, major powers and Islamic nations have expressed guarded optimism about the former Yugoslavia as hope grew for a cease-fire and a formal peace conference within weeks if the U.S.-led diplomatic drive can keep this momentum.

German Foreign Minister Klaus Kinkel, told reporters the peace talks have entered a decisive phase.

Moroccan Prime Minister Abdellatif Filali, speaking for the OIC states [word indistinct], including Egypt, Iran, Pakistan, and Indonesia, agreed with that view.

**Mahathir Addresses 50th UN General Assembly**

*BK3009104895 Kuala Lumpur THE STAR in English  
30 Sep 95*

[Report by Ng Poh Tip — received via Internet]

[FBIS Transcribed Text] New York — The United Nations must stand on the side of the collective needs of people and nations to serve all mankind and not be an instrument of the rich and the powerful, Datuk Sri Dr Mahathir Mohamed said here yesterday. Addressing the historic 50th UN General Assembly, the Prime Minister said the 50th anniversary was as good a time as any for reform, for "burying the relics of past follies." In a wide-ranging speech where he repeated his earlier strong criticisms of the UN for being unable to handle basic and critical political, economic and social issues, Dr Mahathir stressed the need for changes to the structure and procedures of the UN, particularly the Security Council, and reform of its financing system, its secretariat and agencies. He called for a more equitable representation on the Security Council (it now consists of five permanent members — the United States, Russia, Britain, France and China — and they all have veto powers) and for permanent seats to be given to regions, possibly determined by a regional mechanism. The veto power should also be dropped, he said, adding reforms must extend also to the financing of the UN. "It is wholly unacceptable that member states, especially the

rich ones, should fall into arrears with impunity and yet exercise special rights and influence," he said. The UN Charter incorporating idealism and dreams of 1945, the Prime Minister said, was more honoured in its violations than its adherence.

Despite earlier hopes of a just world order following the end of the Cold War, he said, "what we see is still a UN which dances to the grating music of the major powers in total disregard for the high principles and objectives pledged at its foundation." However, he admitted that when all was said and done, the UN was the only truly multinational organisation where the voices of small nations could be heard.

"We support the UN but we must correct the tendency to make it an instrument of the rich and the powerful," he said. The major powers, Dr Mahathir said, had failed to provide leadership, choosing only to act to further their national or domestic political interests.

"Less than six months ago, we were witness to the use of the UN to push through, draconian-like, the Nuclear Non-Proliferation Treaty. Before the ink was dry, some of the nuclear powers proceeded to test their diabolical weapons," he said.

The Prime Minister believed it is time nuclear powers commit themselves to disarmament through a programmed reduction of their arsenal within a specific time frame, beginning with the immediate cessation of all nuclear tests and culmination in their total elimination.

Dr Mahathir also questioned how the principles of the UN Charter on the non-use of force and the illegality of claiming territory acquired by aggression had been of help to the Bosnians. The UN Secretariat, he said, must take some blame for these brutalities. In the context of the larger picture, he asked, wasn't there a special role for the UN to provide international leadership?

The North, he added, was turning its back on commitments relating to development assistance.

But the moment some South countries appeared to succeed on their own, GSP [Generalized System of Preferences] privileges were withdrawn and their records of human rights, democracy, etc were scrutinised in order to obstruct their progress. Malaysia, he added, had the capacity and the resources to design and implement a model of development sensitive to the needs and cultural values of developing countries without imitating the flawed Western model.

Early in his speech, when questioning the need to celebrate the 50th anniversary, Dr Mahathir had admitted it was easier to raise questions than to find answers.



"After all, we cannot even answer the basic questions of where we stand and what the UN is, whipping boy or serious enduring player. But these questions must be raised and they deserve to be answered," Dr Mahathir said.

**Mahathir Comments on Economic, Political Issues  
Views Leadership Plans, Trade**

*BK3009111695 Kuala Lumpur THE STAR in English  
30 Sep 95*

[BERNAMA report — received via Internet]

[FBIS Transcribed Text] New York — Prime Minister Datuk Sri Dr Mahathir Mohamed said yesterday he intends to keep his job for as long as he is still needed by the people.

He did not know if he would be Prime Minister for as long as Deng Xiaoping is leader of China, but he said: "For as long as I'm still needed by the people, I'll have to do my bit."

Dr Mahathir made the remark in an interview with CNN, the international television news network, at his St. Regis Hotel suite here yesterday.

He was responding to a question whether, following the fresh mandate given by Malaysians in the last general election, he would remain Prime Minister for as long as the Chinese leader.

The question was the only one concerning domestic politics which Dr Mahathir was asked during the interview which mainly covered economic issues, especially the Japanese dominance in Malaysia's economy.

He was asked about the view among some Asian countries that regarded the Americans as economic colonialists while the Japanese, being Asians themselves, were seen as more benign.

To this, Dr Mahathir replied: "We have benefited more from Japanese willingness to invest in Malaysia. The economic development in Malaysia really started when the Japanese began to invest."

Asked why Japanese companies were using Malaysia as a platform to export goods to the US but not to Japan itself, Dr Mahathir said this pattern was changing with the Japanese starting to buy electronic products from Malaysia.

He rejected the view held by certain countries in Southeast Asia on the necessity for the US to maintain its military presence in the region.

Asked whether Malaysia was worried about China flexing its military muscle in the region through the presence of its navy in some disputed islands in the

region, Dr Mahathir said he disagreed with the Western view about China having military ambitions.

"The history of China has not shown that it has military ambitions," he said.

**Urges Banning Nuclear Weapons**

*BK0110075295 Kuala Lumpur RTM Television  
Network 1 in Malay 1200 GMT 30 Sep 95*

[FBIS Translated Text] The prime minister has called for the banning of all nuclear weapons. Countries which possess nuclear weapons should destroy them while they can financially afford to do so, said Datuk Sri Dr. Mahathir, who was speaking during a news conference in New York.

[Begin Mahathir recording in English, in progress] In fact, we believe that the nuclear weapons should be outlawed completely. As you know, it is estimated that you need some \$4 billion merely to decommission Chernobyl [a nuclear plant in the former Soviet Union]. We really do not know whether all the scientists in the developed countries know what kind of monsters they have created from these nuclear weapons and the use of nuclear power. So, they should be totally banned now because now, I think, people still have the money. One day, the rich countries might become too poor and cannot afford to defuse their own weapons. [passage indistinct]

Giving one country the veto power which affects the whole world is quite wrong. Probably, if we have, say, two or three regions demanding that something should not be done because they don't agree, then perhaps that should be considered. But this is something that we have as yet not made any very deep discussions on this matter. Maybe, there can be some formulas which will allow a number of countries to use the veto power together instead of just one country. [end recording]

**Malaysian Minister Addresses G-77 Meeting**

*BK0110134695 Kuala Lumpur Voice of Malaysia  
in English 0800 GMT 1 Oct 95*

[FBIS Transcribed Text] Developing countries should remain united in their pursuit of their development agenda. This will give strength in negotiations with other development partners. Foreign Minister Datuk Abdullah Haji Ahmad Badawi said if developing countries fail to establish their credibility and unity, it will result in the agenda of development being dictated by others.

He said this when addressing the 19th meeting of Group of 77, G-77, foreign ministers in New York. According to Datuk Abdullah, while economic decisions made by



powerful countries had given impetus to the globalization of the world economy, they have not adequately addressed the issue of equitable distribution of economic benefits. He said the G-77 should be vigilant on the implication of the integration of the various economies into the globalization process in its present form, which could further marginalize developing countries.

**DPRK 'Demanded' Reactor Contract by 21 Oct**

*SK2109060695 Seoul Chollian Database in Korean  
0136 GMT 21 Sep 95*

[Intended for publication in 22 September CHOSON ILBO]

[FBIS Translated Text] In a report from Washington, ASAHI SHIMBUN reported that, during the talks in Kuala Lumpur with the Korean Peninsula Energy Development Organization [KEDO], North Korea strongly demanded that a contract for the provision of light-water reactors [LWR] be signed by 21 October, the first anniversary of the U.S.-North Korea agreement on the nuclear issue.

This paper cites a KEDO source as saying that the North Korean chief delegate, Ho Chong, made the demand, but that the North Korean demand is unlikely to be met.

The source said that the second round of KEDO-North Korea talks is likely to be held some time in October, and that an agreement will be difficult since North Korea is demanding the provision of auxiliary facilities that cost a great deal.

At the first round of talks held on 11 and 12 September, KEDO and North Korea exchanged formal bows and expressed their respective positions, but were unable to begin negotiations on details of the issue. Therefore, the paper reported, the sides are expected to discuss practical problems, such as the scope of the provision of additional support to North Korea and the method of payment for light-water reactors.

**KEDO Chief Delegate Comments on Talks Issues**

*SK3009015595 Seoul YONHAP in English  
0135 GMT 30 Sep 95*

[FBIS Transcribed Text] New York, Sept. 29 (YONHAP) — The Korean Peninsula Energy Development Organization (KEDO) and North Korea will open the second round of expert-level talks here Saturday to narrow their differences on the light-water reactor supply contract.

The two sides, which already held the first round of high-level official and expert talks in Kuala Lumpur, Malaysia, Sept. 11-16 to confirm their respective posi-

tions, will present their own draft agreements and adjust their positions at the second round.

Last October, North Korea agreed to freeze its nuclear development program in return for two light-water reactors and KEDO, led by the United States, Japan and South Korea, was made responsible for concluding a reactor supply contract with North Korea.

KEDO has clarified its position that it will supply two light-water reactors, worth an estimated 4 billion dollars, as well as pay for the site preparations for the nuclear power plants and other minor expenses.

However, North Korea is demanding that KEDO also provide power transmission and distribution facilities as well as test operation facilities, which would cost KEDO an additional billion dollars.

Kim Young-mok, KEDO chief delegate, said, "The positions of the two sides on the limits of the light-water reactor supply are so different that we will not be able to discuss the matter in depth this time. We may leave it to the high-level officials who are slated to meet in mid-October."

He added that, overall, the two sides will deal with important matters for the practical supply of the reactors. "We will begin with the easiest issues in trying to narrow our differences," he added.

**KEDO-DPRK 'Expert' Talks Held on 30 Sep**

**Draft Differences Viewed**

*SK0110005795 Seoul KBS-1 Radio Network  
in Korean 0030 GMT 1 Oct 95*

[FBIS Translated Text] The Korean Peninsula Energy Development Organization [KEDO] and North Korea held expert-level talks in New York on 30 September to discuss the conclusion of a contract on providing light-water reactors to North Korea. The KEDO side's draft underscores that a feasible method of constructing light-water reactors should be adopted and that they should be constructed in accordance with internationally-accepted norms and practices, while the North Korean side's draft focuses on North Korea's wish to receive as many auxiliary facilities as possible when light-water reactors are constructed.

**Samore on 'Sufficient Discussions'**

*SK0110062495 Seoul YONHAP in English  
0613 GMT 1 Oct 95*

[FBIS Transcribed Text] New York, Sept. 30 (YONHAP) — The Korean Peninsula Energy Development Organization (KEDO) and North Korea opened their



second round of experts' talks, designed to conclude a light-water reactor supply contract, at a hotel here Saturday, to reveal their respective positions and discuss the schedule of the meeting.

Chief North Korean delegate Yi yong-ho, deputy director-general of the Foreign Ministry, said, "A light-water reactor supply contract has to be signed by Oct. 21 that marks the first anniversary of the conclusion of Pyongyang-Washington nuclear agreed framework in Geneva."

This statement is similar in nature to earlier remarks the North Korean Foreign Ministry spokesman made in an interview with the official (North) KOREAN CENTRAL NEWS AGENCY that should the experts' talks in New York bring about no satisfactory outcome, Pyongyang would resolve the light-water reactor issue directly with the United States.

Chief KEDO delegate Gary Samore, nuclear non-proliferation officer of the National Security Council, said, "Though we have no objection to the principle of concluding a light-water reactor supply contract at an early date, it is important to come to an accord through sufficient discussions so that no problems may ensue. To do so, we need the North's cooperation."

The two sides agreed to resume their talks Monday morning and to narrow differences of view beginning with easy issues.

A KEDO official disclosed an understanding has been reached not to discuss at the experts' talks the biggest issues involving the scope of additional facilities for the nuclear power plant project and terms of repayment, as they cannot be resolved by the experts, and that accordingly these issues will be dealt with by senior officials who are slated to meet in mid-October.

Attending the five-hour-long closed session including lunch were 12 KEDO delegates, comprising three each from South Korea, the United States and Japan and KEDO secretariat, and 10 North Koreans including Councillor Han Song-yol from the North Korean mission to the United Nations.

#### **DPRK Asks Subsidiary Facilities**

*SK0110074295 Seoul YONHAP in English  
0717 GMT 1 Oct 95*

[FBIS Transcribed Text] New York, Oct. 1 (YONHAP) — North Korea, at the second round of light-water reactor [LWR] experts' talks with the Korean Peninsula Energy Development Organization (KEDO) which opened in New York Saturday, requested that the KEDO supply the North with subsidiary facilities such as roads, housing and power transmission and distribution equip-

ment worth over 500 million U.S. dollars in addition to the 4-billion-dollar worth light-water reactors, THE NEW YORK TIMES reported Sunday quoting American diplomatic sources.

At Saturday's meeting the North Koreans also asserted that a light-water reactor supply contract should be signed by Oct. 21, the first anniversary of the conclusion in Geneva of the Washington-Pyongyang nuclear agreed framework, and that otherwise various problems would arise, the daily said.

Recalling that the North Korean Foreign Ministry spokesman said Sept. 28 that should the United States neglect its obligation to supply the North with the light-water reactors, Pyongyang wouldn't be obligated to continuously comply with its obligation of freezing its nuclear development program one-sidedly, the daily reported that the U.S. Administration dismisses as another periodic threat the fact that Pyongyang has asked for the provision of additional facilities for the light-water reactors, and that it has set Oct. 21 as the deadline for the conclusion of a reactor supply contract.

Regarding the opening of liaison offices between the United States and North Korea, THE NEW YORK TIMES also said, quoting State Department officials, that though the U.S. has decided to open its liaison office in Pyongyang at the site of the German and Swedish missions, there remain many problems to be resolved before the liaison offices are exchanged.

The State Department officials, disclosing that they have no plan to establish full diplomatic relations with the North in the near future, demand that North Korea make substantial progress in dialogue with the South, reduce its exports of missiles, and re-deploy its forces in a less aggressive manner, the daily said.

#### **KEDO, DPRK Hold 2d Round of Reactor Talks**

*SK0110055995 Seoul KBS-1 Radio Network  
in Korean 0500 GMT 1 Oct 95*

[Report by correspondent Yi Kwang-chul from New York]

[FBIS Translated Text] The Korean Peninsula Energy Development Organization [KEDO] and North Korea held the second round of expert-level talks for the conclusion of a contract on the provision of light-water reactors at the Algonquian Hotel in New York today. During the talks, the sides expressed their basic positions and discussed the order of the day.

At today's talks, Yi Yong-ho, vice director of the Foreign Ministry of North Korea and chief delegate of the North Korean side, insisted that the contract for the



provision of light-water reactors should be signed before 21 October, the first anniversary of the conclusion of the Geneva agreement on the nuclear issue.

Gary Saymore, chief delegate of the KEDO side and member of the U.S. National Security Council in charge of nuclear nonproliferation, stated: KEDO agrees to the principle that the contract for the provision of light-water reactors should be concluded as soon as possible. However, it is important to reach an agreement through full discussions to avoid problems. To this end, North Korea's cooperation is necessary.

The two sides have decided to resume talks tomorrow and try to narrow differences in opinion, giving priority to solvable matters.

A KEDO official stated: The sides agreed not to discuss the main issues concerning the scope of the provision of light-water reactors and the method of repayment because the issues cannot be resolved by the working-level negotiations. The issues will be handled during high-level talks slated for mid-October.

#### **2d Day of Reactor Talks Reported**

SK0410010195 Seoul YONHAP in English  
0030 GMT 4 Oct 95

[FBIS Transcribed Text] New York, Oct. 3 (YONHAP) — Experts from the Korean Peninsula Energy Development Organization (KEDO) and North Korea met again in New York Tuesday and continued to discuss in earnest a draft light-water reactor supply contract.

At the first day's meeting on Monday [2 October], experts discussed the preface of the agreement, the scope of facilities that would be provided, the terms of repayment and calculated the costs of the project, however considerable differences surfaced on all issues except the preface of the agreement, a source attending the expert talks revealed.

North Korea, however, recognized that the Washington-Pyongyang accord reached in Kuala Lumpur, which stipulated that South Korean standard model reactors will be provided to the North and that South Korea would be the primary contractor, was a fait accompli because they did not raise any objections to the agreement, the source explained.

The North Koreans want to include in the contract as many subsidiary facilities as they can and demand repayment be spread over 30 years after a 10-year grace period, while KEDO proposed that repayment be made over 15 years on an installment basis, according to the source.

Meanwhile, differences are so great regarding how the cost of the reactor project will be calculated that no in-depth negotiations on the issue took place at the expert talks.

"The draft contract is being discussed on a working level," the source noted. "The review of the draft contract will continue until Wednesday, while internal discussions within KEDO will be held until the weekend to determine what concessions it can make."



**Cam, ASEAN Ministers Meet in New York**

*BK3009102795 Hanoi VNA in English  
0555 GMT 30 Sep 95*

[FBIS Transcribed Text] Hanoi VNA Sept.30 — A Vietnamese delegation led by Foreign Minister Nguyen Manh Cam, has arrived in New York recently to attend the 50th plenary session of the United Nations General Assembly.

While there, Minister Cam attended the annual foreign ministerial conference of the ASEAN countries.

At the conference, the ASEAN foreign ministers discussed the concrete measures to effectively bring into full play the ASEAN's operation at the United Nations and other international organisations.

While in New York, Foreign Minister Cam and his ASEAN counterparts met with the president of the UN General Assembly 50th session, the UN Secretary General, and heads of the delegations of other countries who are also present in New York for the UN General Assembly's 50th session.

**Mekong Commission: Chinese Interest Positive**

*BK0310074595 Bangkok BANGKOK POST (INSIDE INDOCHINA Supplement) in English 3 Oct 95 p 1*

[Report by Nutsara Sawatsawang]

[FBIS Transcribed Text] China was too late for talks with members of the Mekong River Commission last week.

However, commission members see Beijing's interest as a good sign they can persuade China and Burma to join their organisation eventually.

Cambodia, Laos, Thailand and Vietnam, the commission's founders, hope for talks with China and Burma at a special meeting just before or after the senior officials' meeting in Ho Chi Minh City next month.

The meeting in Vietnam will prepare programmes to seek funds from donor nations.

The Chinese Embassy in Thailand asked on September 25 if it could observe the meeting the next day. But it was too late.

Prathet Sutabut, director-general of Thailand's Department of Energy Development and Promotion, announced on September 26 that all six Mekong countries could meet in Vietnam. China has yet to state whether it will attend.

A senior Chinese diplomat in Bangkok told Inside Indochina: "Since our contact was late (for the September 26 meeting) the Mekong Secretariat could not rearrange

the agenda in time, so we did not participate in that meeting. That's the whole story."

Contact was not made directly from the Chinese Government said the diplomat, who declined to be named. China would keep in touch with the commission, he added.

Cambodian Minister of Public Works and Transport Minister Ing Kiet, who chairs the Mekong Council sent letters in August to invite China and Burma for talks. The council is the commission's decision-making body.

Burma would probably participate in the next meeting if it was "useful and beneficial to all six countries," said Burmese Ambassador Tin Win.

Burma would benefit from tourism cooperation on the river, which forms its border with Laos for 236 kilometres, the ambassador said.

Officials from Burma and China explained that having contacts did not mean they would seek membership.

However, China's interest in talks raised hopes for cooperation. A quarter of the 4,200-kilometre Mekong River is in Chinese territory. Beijing maintains its right to use the river, which it calls the Lancang.

This right includes building dams. Eight hydro-electric power plants are under way or planned along the river in Yunnan province alone. They include the Manwan already in use; Dachao Shan, now under construction; and Nuzhadu and Jinghong at feasibility study stage. The total capacity of all eight plants will be 15,150 megawatts.

These worry downstream countries, especially Laos and Vietnam, because China can control the water flow without consulting them. Laos relies on water from the river for agriculture and needs a regular flow, particularly in the dry season. Vietnam wants fresh water to dilute the saline Mekong Delta and prevent damage to crops.

Observers claim China is under pressure from international financiers of dam projects to hold talks with countries downstream.

China cannot shy away from pressures of international and sub-regional integration.

"If China continues its plans without consulting lower Mekong countries through the recognised body, the commission, it will get a bad international image of bullying smaller countries," the official said.

The commission aims to promote sustainable development of the river basin, focussing especially on diversion of water from the river during the dry season.



China and commission members should exchange visits to discuss projects; the official said. The commission just wanted a commitment from China on water flow and cooperation in flood prevention.

Prathet said Thailand could be a market for China's electricity but, since the transmission lines would have to pass through Laos, contacts with the commission would smooth negotiations.

Freedom of navigation along the river and expansion of commodity markets downstream would serve China's goal of trade expansion to the south, he said.

**Nonmember Countries 'Should' Join Amity Treaty**  
*BK3009124895 Singapore THE STRAITS TIMES*  
*in English 29 Sep 95 p 3*

[Report by Grace Sung]

[FBIS Transcribed Text] ASEAN should encourage non-member countries to accede to its Treaty of Amity and Cooperation (TAC), Foreign Minister S. Jayakumar has said.

"Asean would be strengthened if its initiatives are recognised and supported by members of the ARF [ASEAN Regional Forum] and other countries," he told Asean foreign ministers at their annual meeting during the United Nations General Assembly in New York on Wednesday.

"Many non-regional countries in the ARF are extremely interested in the TAC. Asean should encourage them to accede to the TAC," he added.

The TAC, which aims to promote good neighbourliness, prescribes principles and mechanisms to resolve regional disputes by peaceful means. It is recognised by the UN and is open to all countries.

The Asean Regional Forum (ARF) was conceived by Asean in 1993 to engage the major powers and keep the peace in the Asia-Pacific region in the post-Cold War era.

The ARF — which includes the seven Asean countries, the United States, China, Russia, Japan, Australia and Canada — agreed in August to set up working groups to study measures to maintain regional peace and promote cooperation in security matters.

Prof Jayakumar told his Asean counterparts on Wednesday: "Asean must adapt to new realities in order to shape a new regional order for a post-Cold War Southeast Asia."

He described the ARF as an important element of this emerging structure and added: "Asean cannot close itself

off if it is to remain relevant. No country or groups of countries can do so.

"The post-Cold War world is interdependent and interconnected, not just economically but also strategically."

During the meeting on Wednesday, the Asean ministers discussed issues that would be brought up at the General Assembly, as well as matters pertaining to Asean.

According to a statement by the Ministry of Foreign Affairs here, they agreed to make every effort to complete work on two elements of the zone of peace, freedom, and neutrality in Southeast Asia an Asean goal since the 1970s before the December Asean summit in Bangkok.

One issue being discussed was the creation of a Southeast Asian nuclear weapons free zone. The other was the way ARF members and others could accede to or associate with the TAC.

Singapore supports the use of the existing Manila Protocol which allows accession of other states to the TAC.

Some other Asean members had discussed "complementary means of more flexible association," it said.

**Businessmen Approve of APEC Investment Rules**  
*BK0310085795 Bangkok BANGKOK POST*  
*in English 3 Oct 95 pp 15, 26*

[Report by Somphon Thapanachai: "Investors Happy With APEC Trade Focus"]

[FBIS Transcribed Text] Private investors are satisfied with APEC's [Asia-Pacific Economic Cooperation] implementation of nonbinding investment principles as a first step to promote investment in the group.

This was the general conclusion reached at the Asia Pacific Economic Cooperative Investment Symposium yesterday and scheduled to end today. More than 100 representatives from both the government and private sectors of the 18-country group are attending.

But one participant, Hong Kong businessman Richard Li, chairman and chief executive of the Pacific Century Group, said he wanted to see a gradual upgrading of the principles to become binding mutual agreements.

This would help close the economic gap between host countries and investing countries, argued Mr. Li, founder of the Star TV satellite television network.

APEC adopted 12 nonbinding investment principles at the 1994 Economic Leaders' Meeting in Bogor, Jakarta,



aimed at enhancing trade and attracting foreign investment capital in the Asia-Pacific region. The 12 principles cover issues of transparency, nondiscrimination between source economies, national treatment, investment incentives, performance requirement, and expropriation and compensation.

Also outlined in the principles are issues of repatriation and convertibility of funds settlement of disputes, entry and exit of personnel, avoidance of double taxation, investor behaviour and removal of barriers for capital exports.

Narongchai Akkraseni, a member of the Thai Eminent Persons' Group, said each APEC member was trying to implement trade and investment liberalisation agreements made by the group.

But some members are hesitating about possible ramifications of certain aspects of the agreements, thus the initial stage of implementing nonbinding investment principles.

At the Jakarta meeting, APEC also committed to a specific timetable for achieving free trade in the group. The Bogor Declaration has committed to implementing free trade by 2010 for developed members and 10 years later for developing members.

Dr. Narongchai said the group needed to understand that APEC is still in the process of being formalised and the private sector should assist in outlining policies which will have a positive effect on the business community.

He expressed hope that APEC leaders, who will meet in Osaka next month, might decide to advance the aim of achieving investment cooperation by making nonbinding principles binding.

Already, many of participants believe their government already practices in a way aimed at liberalising investments, without being forced by a legal specification of "binding", he said.

Former prime minister Anan Panyarachun, in an address to the conference, agreed investment policies would help boost economic regional development.

"Common international rules governing the treatment of foreign investment by host governments are believed to be a means to promote its flow. More freedom and less unpredictability will occur in an environment where

everyone observes the same rules and practices," he said.

But he said full implementation would require patience, especially for developing countries.

"Investment liberalisation creates positive effects to economic systems in the long run, but tends to lead to negative impacts in the shorter run. Can short-term problems be avoided? Not completely.

"However, disturbance can be minimised when the right mechanisms are in place. Gradualism is one way to avoid sudden shocks to domestic entrepreneurs. Steady measured change that gradually reaches the goal is often the best path for developing economies," he said.

Yew Weng Lee, senior assistant director of the Malaysian Industrial Development Authority, also said there might be political difficulties in transforming nonbinding principles to be binding.

He noted that last year, at least three of the principles encountered difficulties in formulating an agreement within APEC, even with their nonbinding status.

These principles were the issues of national treatment, performance requirements, and expropriation and compensation. Mr. Lee said the current principles package was a very good first step to promote investments.

However, APEC should not go too fast as it is only a consultative forum, and so he questioned APEC's right to implement binding agreements.

This view was supported by Susumu Yamakage, a professor at Tokyo University. He said the private sector should not enforce or pressure the government to implement binding principles, as this could have a dividing effect on the group, rather than helping integrate members.

Mr. Anan echoed this point: "Short-term agitation has to be carefully dealt with. Otherwise, backlash can occur and the expected long-term benefits of liberalisation will never be realised.

"Equal-footing competition is often quoted as an objective that we should strive for. But today's world does not consist of economies or companies with the same features operating in similar competitive environments."



## Japan

**Tokyo Proposes Trade Friction Panel With U.S.**  
*OW0410110195 Tokyo NIHON KEIZAI SHIMBUN*  
*in Japanese 3 Oct 95 Morning Edition p 5*

[FBIS Translated Text] It has been learned that the Ministry of International Trade and Industry [MITI] has proposed to the U.S. Government the creation of a new consultative body to prevent Japan-U.S. trade friction in advance. MITI Deputy Minister Yoshihiro Sakamoto, who visited the United States last week, conveyed this proposal to concerned U.S. Government officials. With the U.S. Government positively responding to the proposal, the two countries will discuss details of establishing the consultative body by the end of this year.

Differences between Japan and the United States in their economic framework talks over the automobile sector have developed into a political issue, triggering the drastic appreciation of the yen and giving rise to other side effects. A top MITI official said, "Given this past experience, we want to make the consultative body an 'early warning system' under which the two countries coordinate their opinions before their trade friction develops into a trans-Pacific political issue." Japan and the United States have set agenda for their economic framework talks and specifically designated sectors to be raised for discussion in the talks. However, MITI hopes that the two countries will freely exchange views, without setting any agenda or sectors, in the consultative body.

As a forum to defuse trade friction between Japan and the United States, the Japan-U.S. Trade Committee was inaugurated in 1981, but the committee has not been held since September 1993. A high-ranking U.S. Government official, who visited Japan in August, proposed to Japanese Government officials the committee's reactivation. However, MITI explained Japan's position to the official, saying, "We want to set up a new forum with the Trade Committee taken into consideration."

The private sector is making moves to explore the creation of a new framework to defuse Japan-U.S. trade friction. The Japan International Forum, a nongovernmental foreign policy research body, recently presented Prime Minister Tomiichi Murayama with a report calling for the need to create a mechanism to defuse trade friction between Japan and the United States and prevent it from developing into a political issue between them.

## Editorial on Problem Behind U.S. Base Issues

*OW0310141795 Naha RYUKYU SHIMPO*  
*in Japanese 1 Oct 95 Morning Edition p 5*

[Editorial: "The Presence of Huge Bases is at the Bottom of the Problem"]

[FBIS Translated Text] Okinawa has been brought to nationwide and global attention. The rape of a schoolgirl by U.S. servicemen has provoked public debate, and a call for revision of the Japan-U.S. Status of Forces Agreement [SOFA] is growing so strong that the U.S. Government cannot ignore it. Under these circumstances, Okinawa Governor Masahide Ota, at a prefectural assembly session, has disclosed his intention to refuse the central government's request to sign documents on land and property on behalf of landowners to continue forced rental of land for use by U.S. forces. Surprised by his announcement, the central government urgently sent Noboru Hoshuyama, director general of the Defense Facilities Administration Agency, to Okinawa on the evening of 29 September to persuade Ota to change his mind. The situation is taking a new turn.

It is true that these issues arose as a result of the rape incident. Prime Minister Tomiichi Murayama said in his policy speech that "the government is determined to take appropriate measures, while strongly demanding that the United States prevent recurrences." However, are such actions enough to solve the problem? How does Hoshuyama intend to persuade Ota?

Great anger and strong protests from Okinawan residents over the rape case have developed into a movement to revise the SOFA. Behind the outcry is a desire for a fundamental solution to the presence of the huge U.S. military bases.

Explaining his rationale for refusing to sign documents on behalf of some landowners, Ota said, "Although the government has vowed in its program that it 'will make efforts to scale down (the bases) at the earliest date,' about 75 percent of the entire U.S. military facilities in Japan are still concentrated on Okinawa." He added that "there is little progress in streamlining and retrenching U.S. bases because the government is reluctant to deal with pending issues such as streamlining bases and preventing recurrence of crimes and accidents, stressing the importance of bilateral security arrangements." He continued, "Taking this opportunity, I must harshly question the presence of the U.S. military bases that inflict extremely heavy burdens on Okinawan people." As he said, the cause of all the problems is the presence of enormous U.S. bases.



Even if a high-ranking government official turns his mind away from the situation and tries to persuade the governor from an administrative standpoint to sign the documents as part of his job as governor, he will not be able to convince most Okinawans. The government cannot meet the real demand underlying Okinawans' anger by merely saying it "will honestly deal with (the rape case)."

The presence of enormous U.S. bases lies behind those problems. When Okinawa reverted to Japan, the government vowed to "scale down the bases to the same level as on the mainland" and afterwards repeatedly told Okinawans it would "make efforts in this regard." However, as we can see now, the huge U.S. military bases remain almost intact. Moreover, in September last year, a high-ranking government official said that "Okinawan people should coexist with the bases," causing all-out opposition from local people. Ironically, the person who made that controversial remark came to Okinawa to persuade the governor.

The government should do its utmost to resolve base-related issues in Okinawa fundamentally, taking advantage of the present situation, while the call for SOFA revision is intensifying nationwide, especially in Okinawa. At the same time, the government ought to begin serious discussions with the United States on this matter. It should deal squarely with Okinawa's base-related problems as state issues rather than using such cheap tricks as persuading the governor.

#### **Party Heads Agree on Nuclear Mission to France**

*OW0310145595 Tokyo KYODO in English*  
1356 GMT 3 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO — Social Democratic Party (SDP) Secretary General Wataru Kubo and New Party Sakigake [Harbinger] head Masayoshi Takemura, who also serves as finance minister, agreed Tuesday [3 October] to send a mission of the three ruling coalition partners to France to protest its continued nuclear testing, coalition officials said.

Top officials of the two parties, which form the ruling coalition with the Liberal Democratic Party (LDP), agreed that the mission should visit France as early as next week to urge France to stop its current series of nuclear tests.

France conducted a second test in the South Pacific on Sunday.

The SDP and Sakigake will propose the plan to the LDP on Wednesday.

The two decided to take tougher steps if France refuses their request, including a proposal to recall the Japanese ambassador to France.

The two party leaders also agreed that the U.S. bases in Okinawa should be reduced and that the bilateral agreement on the status of U.S. personnel stationed in Japan should be reviewed from the standpoint of an independent country.

Public antagonism against the U.S. bases and the status of forces agreement has flared up following the alleged rape of a schoolgirl in Okinawa by three U.S. servicemen.

#### **Australia's Willis Agrees on Joint Nuclear Move**

*OW0210150095 Tokyo KYODO in English*  
1444 GMT 2 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 2 KYODO — Finance Minister Masayoshi Takemura and Australian Treasurer Ralph Willis agreed Monday [2 October] to work together in protesting French nuclear tests, government officials said.

Takemura proposed the two countries continue to cooperate in staging protests, and Willis welcomed Takemura's protest statement, the officials said.

Earlier in the day, Takemura blasted the latest French nuclear test, calling Paris "arrogant."

Willis said both he and the Australian Government share Takemura's feelings on the issue, they said.

France conducted the second of a series of nuclear tests Sunday at Fangataufa Atoll in the South Pacific.

#### **Hashimoto on APEC Farm Sector Compromise**

*OW0410110995 Tokyo NHK General Television*  
*Network in Japanese 0305 GMT 3 Oct 95*

[Announcer-read report; from "NHK News" program]

[FBIS Translated Text] Touching on Japan's request to the Asia-Pacific Economic Cooperation [APEC] forum for excluding the agriculture sector from the liberalization list at a news conference held after the cabinet meeting this morning, Hashimoto, international trade and industry minister, indicated that it is difficult to win the APEC member nations' understanding.

Hashimoto told the news conference that the comprehensive principle of applying liberalization to all trade areas cannot be changed, and made the following remarks:

[Begin Hashimoto recording] Given the current domestic situation, we will take part in high-ranking working-level meetings with our contention that it is necessary to



make an exception. However, we have to make efforts to find a landing point. [end recording]

As for the liberalization of trade and investment in the APEC region, Japan has called for excepting the agriculture sector from the APEC liberalization accord because there is strong domestic opposition. In this sense, Hashimoto's remarks can be taken as showing a view that it is necessary to make a compromise on the farm sector to display leadership in the trade and investment liberalization in preparation for the Osaka APEC meeting in November, which Japan is to chair.

#### **APEC Monetary Unit Urged Instead of Yen-Bloc**

952A0655A Tokyo KINYU ZAISEI JIJO in Japanese  
26 Jun 95 pp 32-35

[Article by Takehiko Kondo, director, Japan External Trade Organization [JETRO]: "Proposing a 'Asian Pacific Economic Cooperation Monetary Unit'; Not Based on Cost, but To Shut Out the Yen-Bloc Idea"]

[FBIS Translated Text] Japan has lived peacefully within the dollar-centered currency system since the 1970's in a sort of Pacific slumber. Recently, however, the idea of the yen's internationalization, or the conception of a yen-bloc, has drawn considerable support in Japan in reaction to the yen's sharp appreciation. Proponents of this view have consistently used abstract arguments in a debate that has become somewhat overheated. They have failed to suggest specific policies for achieving a yen-bloc and to consider whether Japan is prepared to shoulder the accompanying costs. Instead of the yen-bloc plan, which I feel has been exaggerated, I propose that an APEC [Asia Pacific Economic Cooperation] monetary unit be created.

#### **Conception of Yen-Bloc Draws Attention**

In an editorial published on 31 March 1995, the ASAHI SHIMBUN newspaper called for the yen's independence as follows:

"The United States has the special privilege of using its own currency to settle its foreign payments, not foreign currencies, due to the dollar's status as an international currency. It will always have enough money, even if it ignores its deficit, as long as it prints dollar bills. Consequently, the rule of maintaining the international balance of payments does not hold up.

"The dollar's value would stabilize if the U.S. settled foreign payments in foreign currencies like other countries. However, the United States will not easily give up the comfortable privileges of the dollar....

"The yen had been cultivated as an independent currency, similar to the German mark....

"Asian nations actually conduct trade in a dollar-bloc, and accordingly, cannot easily expand their yen transactions....

"If the yen were independent from the dollar, the Japanese economy could shrug off fluctuations in the dollar's value. Furthermore, the United States would probably work more diligently to reduce its deficit if it was forced to worry over a separation of the yen from the dollar. Thus, we would move toward a stable, international currency system that supports the dollar, mark and yen for the first time."

In the 28 April 1995 edition of the ASAHI SHIMBUN, Toshihiko Yoshino likened the strong yen to labor pains associated with a shift to a three-tier currency system. Mr. Yoshino is known for his analysis of the history behind the establishment of the exchange rate of 360 yen to the dollar. In his recent article, he said the following:

"...It is vital that we move toward an environment where the United States is compelled to worry over the decline in the dollar's value relative to the mark and the yen. ...Japan should quit buying the dollar in market intervention operations and increase its mark and gold holdings because the dollar is overweighted in its foreign currency reserves. However, Japan must sell the dollar gradually so that the currency's value does not plunge. Accordingly, Japan may purchase some of the U.S.'s gold reserves at the market value.

"Also, we should raise the proportion of yen-denominated transactions in international trade and make the issuance of yen-denominated bonds easier. Furthermore, a trade settlement system under which Asian economies are not shocked by sharp fluctuations in the dollar's value ought to be formed."

Robert Roza first advocated the conception of a three-tier currency system on 10 November 1977 in testimony before the U.S. Congress. As I understand it, these two articles from the ASAHI SHIMBUN address this conception, but link it to the idea of a yen-bloc. This view is permeating public opinion in Japan through influential media.

Interestingly, both the ASAHI SHIMBUN editorial and Mr. Yoshino's article touch upon the inclusion of gold in foreign currency reserves despite the fact that gold was removed from the international currency by financial authorities in the 1970's.

In general, these two assertions are similar to the view of Jacques Ruef, a French economist who advocated an independent and autonomous currency in the 1960's, under Charles De Gaulle's administration. Therefore, it could be said that Japan's currency debate has recently taken on the characteristics of the French currency



debate. Setting aside the issue of whether the debate in Japan has finally come this far or just stalled at this stage, I will now discuss my own views on the yen's status.

### **Yen's Internationalization to Encourage Capital Transactions**

The foreign exchange market is currently full of contradictions, as noted by Bank of Tokyo (BOT) Chairman Toyoo Gyoten in the March 1995 issue of VOICE (p 40):

"Apart from the issue of the foreign exchange rate in the near term, the Americanization of finance and information is the most striking development in the world today. This is especially noticeable in Asia, which is closely connected with Japan.... In Hong Kong, Singapore, Bangkok, even Shanghai, all finance-related matters are controlled according to the United States viewpoint, standards and methods."

It is important to recognize that support for a yen-bloc emerged amidst this so-called Americanization of finance.

In fact, the internationalization of the yen (that is, the international use of the yen) is progressing steadily, a point that is often overlooked. Let us look at the reality. In 1976, yen-denominated transactions accounted for 30 percent of Japan's exports but merely 1 percent of its imports, according to research that I conducted 15 years ago for my book *The Yen as an International Currency* (published by Kyoikusha). As of March 1995, however, yen-denominated transactions had edged up to 35.7 percent of Japan's exports but surged to 24.4 percent of Japan's imports. Also, the yen-denominated share of Eurobond issuances has soared in the past 10 years, to 18 percent in 1994 from 5 percent in 1985. Furthermore, the yen's weight in all nations' foreign currency reserves stood at 9.0 percent in 1993, a threefold increase from 1975's 2.7 percent.

Of course, the yen is not as widely used as the German mark in terms of international trade and foreign currency reserves. The mark reportedly accounts for 80 percent of Germany's exports, which is more than twice the yen's share of Japan's exports, and 16.1 percent of all nations' foreign currency reserves (as of 1993). In terms of Eurobond issuances, however, the amount of yen-denominated placements in 1994 was twice that of mark-denominated placements. On 24 May 1995, the Italian government issued 550 billion yen in Eurobonds, the largest yen-denominated placement in the Eurobond market to date.

Thus, the yen's internationalization has progressed more in terms of capital transactions than current account

transactions. Assuming that this represents Phase 1 of the yen's internationalization, Phase 2 will comprise an increase in the yen's weight in terms of international trade in the Asia region and other nations' foreign currency holdings. The yen's internationalization has already entered this phase.

### **Will Japan Shoulder Cost of Yen-Bloc?**

What exactly does the yen-bloc refer to, as advocated by some Japanese trade analysts? In exploring this question, let's look at the "franc-bloc," an extreme model, for convenience's sake. (Footnote 1) (See Jurgensen and Rubeck: "The Foreign Ministry and Monetary Policy," second edition, p 696.)

The franc-bloc is a currency alliance between France and 14 African nations that were formerly under French rule. It has the following three characteristics: 1) currencies of member nations are linked together at a fixed rate; 2) member nations' international settlements are conducted uniformly; and 3) foreign currencies are pooled.

In addition, France guarantees 4) the unrestricted exchange of member nations' currencies and 5) the value of francs deposited as foreign currency reserves with special drawing rights [SDR].

In all probability, Japanese advocates of a yen-bloc have a different conception in mind than this franc-bloc scheme. For example, does Japan intend to shoulder the responsibilities outlined in 4) and 5), even if its Asian neighbors call for these guarantees?

The yen-bloc, as envisioned by most advocates, entails 1) a closer relationship between the yen and other Asian currencies in terms of the exchange rate (although exchange rates would not be pegged to the yen, the yen's weight in a currency basket would increase); 2) an increase in the yen's weight among Asian nations' foreign currency reserves; and 3) an increase in yen-denominated trade. In other words, Japan would benefit from the establishment of a yen-bloc but would pay no cost for these benefits. Most advocates think of the yen-bloc in vague terms, referring to "more widespread use of the yen in the Asia region." Thus, the conception of the yen-bloc is only an abstract argument that lacks concrete measures and does not consider the cost, similar to other topics of debate in Japan.

### **Asian Currency Unit Offers Solution**

Instead of the exaggerated idea of a yen-bloc, I propose that a common currency unit [CCU] be created for the APEC region. My currency plan is similar to those of many other economists in that it does not require gold. My concept comprises five points as follows:



1) a currency cocktail made up of the currencies of APEC member nations. For example, the dollar, yen, Chinese yuan, South Korean won, and Thai baht would be mixed together in the cocktail; 2) the weight of each currency in the currency basket would be determined at the annual meeting of APEC Finance Ministers; 3) the APEC secretariat would calculate and announce daily the rate of the dollar, yen and other APEC member nations' currencies relative to the CCU; 4) the CCU would only be used to express value in for the time being. In other words, it would have no substance as a real asset; 5) the CCU would be used to express the value of trade and direct investment in the APEC region. However, currency officials would not be required by law to recommend the use of the CCU. It would be up to private businesses to decide whether or not to use the CCU to express the value of their trade and direct investment.

In my book that I mentioned earlier, I defined an international currency as a currency that has several of the following five functions: 1) a numeric or value standard; 2) a tool for private-sector settlements; 3) an asset that is owned by the private sector; 4) a reserve currency; and 5) an intervention currency. My proposal for a CCU focuses on the international currency's function as 1) a value standard.

There are five factors that led me to develop this concept.

First, the Americanization of finance in the Asia-Pacific region is in full swing, as BOT's Mr. Gyoten pointed out. This trend hinders cooperation among currency officials. Consequently, the extent of currency cooperation in Asia will not immediately reach that seen in Europe, where 20 percent of foreign currency reserves are contributed jointly and the ECU equivalent is used to settle foreign trade.

Second, the Asia-Pacific region must not lose its momentum as the world's growth center. If the yen-dollar exchange rate remains unstable and the Group of Seven leading nations have no realistic means to cope, trade and direct investment in the Asia-Pacific region will wane. Accordingly, the economic growth rate in the region may slow down to the disadvantage of the world. Consequently, a currency base that is more stable than the quoted values of the dollar and yen must be prepared. The value of the CCU, by definition, would clearly fluctuate less than a country's own currency, similar to the behavior of SDR's and the ECU.

Third, currency authorities would have just one role: to provide a superior currency base. It is best to leave the decision of whether to use the currency base up to the concerned parties, given the diversity and dynamism

of the Asia region. There is no need for authorities to intervene.

Fourth, my plan for a CCU is not extremely radical. I do not advocate the creation of a yen-bloc that would exclude the dollar from Asian trade. APEC does not exist for the purposes of the United States, but it is an important axis for a cooperative and conciliatory relationship with the United States. I would like to see APEC ties strengthened, but in a different sense than the EU. Accordingly, APEC members must build a new framework for currency cooperation. The dollar would continue to occupy an important position under this new framework, but there would be a gradual shift away from the dollar in terms of the dollar link in Asia's many systems. Thus, the Asia region's excessive dependence on the dollar would probably ease somewhat. From a long-term perspective, the Americanization of finance could be encouraged to abate and to shift to an APEC currency system.

Fifth, some may object to the notion of placing importance on the Chinese yuan due to the nation's high inflation rate. For example, Yukio Seki states that a country with an inflation rate of 25 percent is unable to support an anchor currency (Footnote 2) ("Moving Toward a Yen Economic Bloc in Asia," VOICE, May 95, p 97.). However, currency issues are influenced not only by the status of national economies, but by international politics as well. If economic performance was the only factor, the world's largest debtor nation (the United States) would not provide the base currency. China's strong potential and presence in Asia justifies the inclusion of its currency in the CCU from the start.

### **Creating Economic, Currency Order for the 21st Century**

In the preceding paragraphs, I have described one measure to respond to the transformation of Japan's currency debate into the French currency debate, the Americanization of finance in Asia and the increasing use of the yen in Asia.

The idea of a yen-bloc has recently drawn attention in Japan. It was first promoted by the so-called currency Mafia, then voiced by economists and foreign exchange market observers as well. The animated discussions are welcome, but economic discourse has tended to spread in recent years.

Instead of focusing on near-term foreign exchange fluctuations, however, Japan ought to position the yen's internationalization as part of a new economic and currency order for the 21st century. I hope to see Japan commit itself to the realization of this goal.



**Foreign Ministry's ODA White Paper Reviewed**

OW0310125195 Tokyo NIHON KEIZAI SHIMBUN  
in Japanese 30 Sep 95 Morning Edition p 5

[FBIS Translated Text] On 29 September, the Ministry of Foreign Affairs [MOFA] released its "1995 White Paper on Official Development Assistance (ODA)," a report on the actual situation and problems of aid programs to developing countries.

**Striving To Thwart Criticism About "Patchwork" Approach?**

Characteristic of the latest white paper is MOFA's strong awareness of criticism voiced against Chinese nuclear tests, Burma's human rights issue, and other problems. In its white paper, MOFA stresses that should it suspect an aid recipient of trying to produce or develop weapons of mass destruction or engaging in other activities that violate the four principles of the ODA Outline, "It would be important to look at resolving problems through dialogue instead of suspending aid immediately." In this way, MOFA seeks to foster understanding of its policy of continuing "friendly persuasion" and "quiet diplomacy."

Amidst calls for the government to take firm action, including suspending yen loans to China, MOFA's white paper urges responding calmly: "That would isolate China from the international community and make it difficult for matters to change for the better." Japan's planned resumption of aid to Burma is being criticized as "premature because democracy has yet to be fully implemented there"; but MOFA justifies its approach, which differs from those of Western nations wary of aiding to Burma, explaining: "Special consideration must be given to emergency humanitarian aid." Response to Argument That Priority Should Be Given to Disaster Reconstruction

**Projects**

Japan ranked as the top aid-giving nation for the fourth consecutive year, extending \$13.24 billion in ODA programs in 1994. Against this backdrop, MOFA says that voices in some quarters caution against extending aid too freely and argue that "priority should be given to allocating funds for domestic efforts to combat recession and for post-quake projects to reconstruct the Hanshin district." MOFA maintains it is necessary to continue expanding ODA programs for various reasons, including the following: 1) developing countries' demand for aid is increasing; and 2) ODA programs serve Japan's interests in regard to security and other considerations.

**Trouble Over Japanese Firms' Dissatisfaction**

The proportion of untied loans, which do not require contracts for projects under yen loan programs to be awarded to Japanese companies, rose to a record 98.3 percent in FY94. The yen's appreciation caused Japanese companies to lose their competitive edge, resulting in their landing only 27 percent of the contracts. While praising the increase in untied loans for making yen loan programs "fair and effective," the white paper points out that the increase is "making it more difficult for yen loan programs to be recognized as Japanese aid." In answer to complaints by Japanese trading firms and other companies that want tied loans restored, MOFA urges them to seek ways to land joint contracts with local companies, stressing that Japanese companies "need to cooperate with local companies and come up with better ideas."

**Resumption of DPRK Normalization Talks Viewed**

OW0410081895 Tokyo MAINICHI SHIMBUN  
in Japanese 4 October Morning Edition p 3

[FBIS Translated Text] On 3 October, Japan and the DPRK (North Korea) reached an agreement on Japan's additional rice aid to North Korea in Beijing. However, since the two sides failed to hold working-level talks on resuming negotiations to normalize diplomatic ties — an issue on which attention has centered — Foreign Ministry officials in charge of the talks returned to Japan the same day. The government will renew its efforts to find ways of resuming talks on normalization. Since no results were achieved at the North-South talks held simultaneously, the government will most likely wait to see what move the DPRK will make.

Last month the DPRK asked the Japanese if it would be possible to hold preliminary talks on the normalization issue, and the government agreed. It had been widely observed that working-level talks would pave the way for preliminary negotiations after the talks on additional rice aid.

However, normalization talks will have to be rescheduled, because the DPRK made no definite proposal at the recent talks and because Japan avoided making any new proposal after no progress was made at the North-South negotiations.

**Nosaka Comments on Additional DPRK Rice Aid**

OW0410021295 Tokyo KYODO in English  
0203 GMT 4 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 4 KYODO — Japan believes its decision to supply additional rice aid to North Korea will help contribute to normalizing bilateral relations, a top government spokesman said Wednesday [4 October].



Chief Cabinet Secretary Koken Nosaka told a news conference that Japanese negotiators had always had in mind how provision of the second batch of aid would work to improve ties between the two countries.

He also said Tokyo has been in close contact with South Korea on its efforts to normalize relations with Pyongyang.

Japan and North Korea signed an agreement Tuesday for Tokyo to provide 200,000 tons of rice to Pyongyang on a deferred payment basis as its second rice aid package to alleviate food shortage in the North.

During their last meeting in June, Japan agreed to send 300,000 tons of rice to North Korea, including 150,000 tons for free.

**Official: G-7 Likely To Confirm Forex Harmony**

*OW0210134495 Tokyo KYODO in English  
1317 GMT 2 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 2 KYODO — The Group of Seven (G-7) industrialized nations will reaffirm continued cooperation in the foreign exchange [forex] market at their meeting in Washington on Saturday, Makoto Utsumi, former vice finance minister for international affairs, said Monday [2 October].

More specifically, G-7 finance ministers and central bank governors will reaffirm their April accord on "an orderly reversal" of the yen's excessive strength against the dollar, Utsumi said in an interview with KYODO NEWS SERVICE.

Japan wants to win G-7 consensus on further efforts toward the "orderly reversal" and it is possible for the country to get such understanding, said Utsumi, a professor at Keio University.

"Top G-7 finance officials will likely welcome changes in the currency market since April toward a direction deemed more desirable in terms of economic fundamentals," Utsumi said.

But he said the current exchange rates have yet to reach levels deemed by the G-7 as satisfactory.

The dollar rose significantly against the yen recently but the gain is not large enough to trouble the United States, he said.

He said he expects the dollar to gain further ground and go above 105 yen under the correction phase under way since April.

"The pace of correction may be faster than expected," Utsumi said, explaining Japanese exporters have already finished forward contracts for dollar-selling through next March while importers are finding it necessary to

hurry in buying the dollar following the U.S. currency's appreciation.

Japan will seek G-7 understanding of its measures under consideration to liquidate the massive amount of bad loans held by the banking sector, Utsumi said.

"The problem facing the Japanese banking sector is so complicated as to spawn unnecessary uneasiness in the global market," he said.

Utsumi said he thinks a scheme to expand a funding quota under the International Monetary Fund's General Agreement to Borrow (GAB) will be broadly agreed upon by the G-7 nations as part of IMF reforms.

"A currency crisis like the one that happened in Mexico could happen in other parts of the globe, notably in emerging markets," Utsumi said.

Advanced nations are finding it necessary to make preparations against such a situation, he said.

But it is difficult for the G-7 countries to come up with a specific framework for the GAB expansion program during the upcoming G-7 meeting, Utsumi said.

He cited the complicated financial standing of each prospective participant in the scheme that involves not only the G-7 but the broader so-called Group of 10 and other economic powers like Australia and South Korea.

The G-7 nations — Britain, Canada, France, Germany, Italy, Japan and the United States — agreed during their Halifax summit in July to work out a framework for the GAB quota expansion at an early time.

Based on the agreement, the so-called Group of 10 — the G-7 forum plus Belgium, the Netherlands, Sweden and Switzerland — are considering asking Australia, South Korea, Singapore and other economic powers to join the program.

**Takemura Comments on Daiwa's Loss in U.S. Bonds**

*OW0410034995 Tokyo KYODO in English  
0330 GMT 4 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 4 KYODO — Finance Minister Masayoshi Takemura in effect called Wednesday [4 October] for the resignation of Daiwa Bank President Akira Fujita to take responsibility for the bank's \$1.1 billion loss incurred through unauthorized dealing in U.S. Bonds.

"The management must take proper responsibility," the minister told reporters following an extraordinary cabinet session.



His words make it certain now that Fujita will step down from his post once the details of the incident are made clear.

Takemura also implied that the Finance Ministry's internal checking system was partly to blame for the incident. "I regret that the ministry was not capable of noticing the matter," he said.

Referring to the planned probe by the ministry into Daiwa Bank, the finance minister said he hopes to "understand objectively what actually happened."

The ministry will make on-the-spot inspections at the bank's head office in Osaka this week. It is also considering sending inspectors to the New York branch office where a former employee conducted the unauthorized dealing.

Takemura expressed willingness to reassure other countries that the Daiwa Bank loss will not have a negative effect on Japan's financial system.

"If asked, I will explain the Daiwa Bank incident at the meeting of the Group of Seven (G-7) industrialized countries and the meeting between U.S. and Japanese financial ministers," he said.

#### **Ministry To Probe Into Daiwa Trading Fraud**

*OW0410111095 Tokyo KYODO in English  
0939 GMT 4 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 4 KYODO — The Ministry of Finance will start investigating Thursday [5 October] the alleged failure of Daiwa Bank to promptly disclose the fraud concerning illegal deals in New York, ministry sources said Wednesday.

Last week, Daiwa disclosed that a bond dealer at its New York branch suffered \$1.1 billion in loss in unauthorized trading in U.S. Treasury securities over 11 years.

U.S. monetary authorities have already charged Daiwa with failure to properly notify it of the circumstances surrounding the deals.

The sources said Japan's Finance Ministry thinks Daiwa withheld information on the fraud for two months after obtaining it. In the state of New York, such information should be reported to regulators within one month.

The ministry thinks the delayed notification constitutes a violation of disclosure rules, the sources said.

Daiwa Bank said it recently disposed of part of its stockholdings as a way to cover the \$1.1 billion loss.

The bank managed to earn handsome profits from the stock sale as the Tokyo Stock Exchange's key price gauge was 2,000 points higher at the time of the disposal than in late July when the fraud surfaced internally.

The action left the suspicion that Daiwa Bank intentionally refrained from making public the illegal deals while waiting for the stock market to reach profit-generating levels, the sources said.

On July 26, two days after learning of the fraud, Daiwa Bank issued 50 billion yen in preferred shares as a means of reinforcing its capital base.

But institutional investors which bought the stock recently complained that Daiwa concealed important information that may affect its credit standing.

Moreover, Daiwa Bank stepped up raising foreign currency-denominated funds in global short-term money markets around Sept. 18, the day it reported the scandal to the Finance Ministry.

Daiwa may claim the action was in response to growing fund demand ahead of the Sept. 30 book closing for the first half of fiscal 1995, but it has created the suspicion that it procured funds before the surge in its fund-raising costs after the revelation of the scandal, the sources said.

Japanese commercial banks already have trouble raising funds smoothly overseas, reflecting global concern over Japan's unstable banking sector, which is severely battered by huge bad loans.

These banks are slapped with an additional interest rate of around 0.2 percentage point, called the "Japan premium," in U.S. and European markets.

#### **Takemura Pledges To Resolve Bad Loans**

*OW0410060395 Tokyo KYODO in English  
0530 GMT 4 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 4 KYODO — Finance Minister Masayoshi Takemura said Wednesday [4 October] that his ministry will continue bold efforts to promptly resolve the bad loan problems plaguing Japanese financial institutions.

The Finance Ministry will do its utmost to craft a set of measures by the end of this year, Takemura said in a speech to a plenary session of the House of Representatives, or the lower house of the Diet, to seek approval for a supplementary budget, the second for fiscal 1995 ending next March.

Specifically, the ministry will strive to improve the deposit insurance system, secure the safe management of credit unions, and deal appropriately with the problem of financially troubled housing loan companies, Takemura said.

In addition, the ministry will promote debate on the use of public funds to cope with the bad loan problem, he said.



Takemura said fiscal reform must be further promoted, noting that the outstanding balance of government bond issues is expected to exceed 220 trillion yen at the end of fiscal 1995 through next March 31.

The finance minister pointed to the need to effectively deal with social and economic changes, such as the rapid aging of Japan's population and an increase in the nation's international responsibilities, without leaving a heavy financial burden to future generations of the Japanese people.

Takemura also said Japan will continue close cooperation with other countries to correct the yen's excessive strength.

The currency market is deemed to be in the process of "orderly reversal" as agreed to at the April 25 meeting of finance ministers and central bankers from the group of seven major industrial powers and supported by the seven-nation summit in Canada in June, he said.

Calling on lawmakers to pass the supplementary budget to implement the latest set of economic measures worth 14.22 trillion yen, Takemura said the largest-ever stimulus package will support recent improvements in the currency and stock markets and help resolve Japan's pending economic problems by greatly expanding domestic demand, promoting the efficient use of land and revitalizing stock trading.

Takemura expressed his deep regret over damaged public trust in Finance Ministry and other government officials due to a former top ministry bureaucrat's amassing of wealth through questionable financial investment.

To prevent a recurrence of such a scandal, the ministry has told its officials to voluntarily refrain from making stock investments, Takemura said.

#### **MOF Official Explains New Banking Guidelines**

952A0628A Tokyo KINYU ZAISEI JIJO in Japanese  
19 Jun 95 pp 23-25

[Article by Shunichi Nagata, deputy director general, Banking Bureau, MOF [Ministry of Finance]

[FBIS Translated Text] **Preparing the Environment To Make Payoffs Possible in Five Years**

#### **Starting Point for Debate**

*What did the recently announced guidelines say essentially?*

So far, our efforts have been on finding an early solution to the problem of nonperforming assets. The latest guidelines give more detail to the emergency economic measures that were announced on 14 April to cope with the high yen. The guidelines also summarize our

thinking in regard to the questions that were raised by the recent failure of two credit unions. As stated in the main text, the guidelines are offered as raw material for future debate and as the starting point for further discussion in the Financial System Research Council and elsewhere.

*Stock prices have continued to fall since the guidelines were announced. What do you think of the market's reaction?*

Various factors influence the market, and it's difficult to determine how the market will react to any one specific factor. After the guidelines came out, there were several other factors, all present at around the same time, that might have had an effect—for example, the release of the SQ [special quotation] index, or the release of the Bank of Japan's *tankan* report, or the instability of the exchange market. It's hard to judge how what's in the guidelines might have influenced the stock market, and I don't think it would be proper to venture a guess.

The guidelines are receiving a lot of critical review. Some of the assessments have taken a short-term perspective. What I would hope is that the guidelines are seen in relatively long-range terms.

*Is there any thought among those in the Finance Ministry that it's taking longer than expected for financial institutions to restructure themselves or dispose of their nonperforming assets?*

I don't think anyone has a clear sense that that's the case. For example, as of the end of March, the 21 leading city, long-term credit and trust banks still had 12.5 trillion yen in problem loans, some where payments were in arrears and others to lenders who had gone bankrupt. But of that 12.5 trillion yen, 4.3 trillion yen has already been transferred to special accounts for bad debt write-offs, and 5.1 trillion yen is safely intact as collateral. In other words, it seems the banks have about 3.2 trillion yen in loans they still have to dispose of—a manageable level if we consider what their combined net business profits are for one year. The disposal of these nonperforming assets is a big problem not only for the financial institutions but also for our national economy and requires the rigorous attention of those concerned if we are put this problem behind us.

*Would it be correct to say that the guidelines are aimed at interest-exempt loans, including problem loans to housing loan corporations?*

No, that's not true. Certainly, when you think about interest-exempt or interest-reduced loans, *jusen* [housing loan corporations] are a big part of the picture. But the guidelines weren't drawn up with only this problem in mind. In fact, they cover a very broad area, including



disclosures, the management base of financial institutions and basic measures for the liquidation of failed financial institutions.

The jusen problem is considered part of the larger problem of nonperforming assets. The guidelines call for an independent assessment of the problem loan situation by financial institutions and housing loan corporations, followed by an inquiry into those areas where basic reform is needed. The important point is that this problem must be dealt with if depositors and investors are to have confidence in the financial system.

### Debate About Public Participation

*The guidelines set a five-year cutoff for financial institutions to resolve their problems with nonperforming assets. What was the basis for this 'five-year cutoff'?*

It represents our intent to restore the health of the financial system by the 21st century.

*Would it be safe to say 'five years' is the time it will take to establish the principle of self-responsibility among depositors?*

It means that, within five years at most, we want to have prepared an environment where depositors can be paid off in those cases where it is necessary. At present, preparations for expanded disclosures are still in progress, and we are still without sufficient consensus about a payoff scheme for bona-fide depositors. Within the next five years, our planning and preparations on these two points should be completed.

*When you have completed setting up this new disclosure system, will one of the options [for ailing financial institutions] be to payoff depositors?*

Yes, it will.

*There's a phrase in the text 'without being a slave to past ideas.' To what specifically was that in reference?*

For example, in regard to handling bankruptcies, it means thinking beyond the present framework to strengthen the role of the deposit insurance system. This idea of not being a slave to the past appears a lot in the text. We see this with financial institutions, too. They are breaking with convention, doing things they have never done before, like closing their books in the red or liquidating allied nonbanks. You could say the idea was an extension of this new trend.

*Would it be safe to say that 'public participation' refers to expending public funds [as a method of intervention]?*

There are various debates on this point. But in the guidelines, 'public participation' is a broad, inclusive concept, part of which includes financial assistance

through the Deposit Insurance Corporation and also the idea of invoking Article 25 of the Banking Act. Of course, the image that the term 'public funds' generally conjures up is still here to debate.

The how and wherefore of public participation will probably be widely debated, and for our part, we intend to be listening to those arguments with our full attention.

*The guidelines clearly indicate broader disclosure rules. Are you acknowledging that the current system of disclosures is inadequate?*

I definitely think there is still a need for greater disclosure. What is indicated in the guidelines, therefore, is the minimum level of disclosure after March 1996. Nor will there be any distinction in who is targeted for disclosure on the basis of size. In the final analysis, the uppermost concern is what is necessary for [the protection of] the depositor, including potential depositors.

### Article 25 Is an Emergency Measure

*The possibility of invoking Article 25 of the Banking Act has been mentioned as one way of dealing with failed financial institutions. Might not a moral hazard be created among depositors by referring to it now?*

It was expressly mentioned because we wanted people to understand that Article 25 existed as a safety net and was one way of dealing with troubled financial institutions that are not in a position yet to pay off their depositors.

But Article 25 should only be viewed as an emergency measure. In other words, a condition for calling Article 25 into play is that no question of moral hazard exists.

*The requirement for financial assistance under the deposit insurance system is aid from allied financial institutions. What is 'the scope' of this requirement in terms of allied financial institutions?*

The specifics of a case will vary, and it would be difficult and inappropriate to attempt a definition other than on a case-by-case basis.

But it is in the interests of financial institutions to maintain credit order, which is also the basis of their activities. So they will probably be asked to give as much assistance as they can in order to maintain this order when another financial institution fails or invokes assistance under the deposit insurance system or the mutual assistance system.

*When Tokyo Kyodo Bank was being formed, there was a nationwide solicitation of financial institutions to contribute private funds. Here, does not the term allied financial institutions mean 'from all over the country'?*



Whether one applies for assistance under Article 25 of the Banking Act or under the deposit insurance system, depends on the scheme used to deal with a financial institution's bankruptcy and failure. So, again, I would have to repeat that giving any clear statement about the scope of allied financial institutions' is very difficult.

*In reference to deposit insurance, what is meant by 'additional financial contribution based on a supplemental insurance premium'?*

Are not there times when there is a greater burden on funds than usual? And during these times, is not additional financial assistance needed for the sake of the stability of the financial system?—These questions were in mind when the guidelines were being written and will be taken up again for further consideration by the Financial System Research Council in the future.

*What is the role of the agencies concerned in handling bankruptcies?*

The guidelines summarized various ways of thinking about and dealing with bankruptcies, but in the process of handling cases under Article 25 of the Banking Act or the deposit insurance system, there are naturally bound to be places where the decisions of the Bank of Japan or the Finance Ministry are going to be sought.

#### **Financial Assistance and Supervisory Responsibilities**

*In the case of credit unions that are under the supervision of local governments, do you see that oversight role as going hand in hand with the use of public funds when they go bankrupt?*

Governors have the delegated responsibility for supervising credit unions, and whenever a credit union has failed, it has been the local government that has dealt with the situation.

Whether or not supervisory responsibility equals public assistance is a question that has to be appropriately determined on the local level. Each case is different, and how local governments interpret their responsibility or whether they feel public assistance is necessary or not is determined by them after taking all of the relevant facts into account.

*What is the message you want to convey to private financial institutions through these recent guidelines?*

The stability of the financial system is a necessary precondition for the development of our national economy, and therefore, it is extremely important that there is an early resolution to the problem of nonperforming assets. By clearly indicating through the guidelines the route we can go in order to dispose of these nonper-

forming assets or the remedies that exist when financial institutions fail, I hope that individuals, whether directly involved or not, will gain an overall understanding of the situation.

Financial institutions, I hope, will also be reawakened to the fact that their individual health collectively supports the financial system and at the same time that they are private enterprises, they are also public entities.

#### **Ways To Encourage Foreign Investment Compiled**

OW0410091895 Tokyo NIHON KEIZAI SHIMBUN  
in Japanese 4 Oct 95 Morning Edition p 5

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] has compiled new measures to assist the 18 designated Foreign Access Zones (FAZ) nationwide in its efforts to encourage imports and investments by foreign companies in Japan. Under the new policy, the local governments will reduce the property and other taxes of companies operating in the special assembly areas of the FAZ's, or even exempt them from such taxes, and the national government will compensate these local governments for the shortfall in revenue income.

Furthermore, to provide easier access to information on products and investments for foreign companies, MITI will open FAZ assistance centers which can be accessed through Internet in various locations. These measures will be incorporated in the amendments to the law on imports and domestic investment to be submitted to the Diet shortly.

Among the 18 sites designated under the FAZ program, only six locations — including the ports of Kitakyushu and Matsuyama — are actually in operation. Although the government assists the third-sector entities building import facilities by such measures as debt guarantee, the local governments assert that assistance in terms of taxation and information is also necessary to attract foreign companies to the localities.

For this reason, "special assembly areas" will be created within the FAZ's for the wholesale and processing of imports, and prefectural-level governments will reduce property, land transaction and other taxes for private companies operating in these special areas, or even exempt them from such taxes. In terms of financial policy, these companies will receive assistance from government funds in the form of debt guarantee, discounts in credit insurance premiums, and so forth. MITI, the Finance Ministry, and the Home Affairs Ministry agreed that the national government will compensate the local governments for shortfalls in revenue income arising from such tax reductions and exemptions.



Moreover, "FAZ assistance centers" will be created in Tokyo and at the FAZ's to provide foreign companies with information on exports to Japan, and investments. These centers will be operated by the Japan External Trade Organization (JETRO). Total expenses for systems development and other related activities are expected to amount to 14.5 billion yen.

#### **Commentator on Economic Recovery Measures**

*OW0310145095 Tokyo FNN Television Network in Japanese 2340 GMT 30 Sep 95*

["Commentary" by regular commentator Kenichi Takemura; from the "News 2001" program]

[FBIS Translated Text] [Takemura] Well, recently, the Ministry of Finance (MOF) started working very hard. People say (MOF's) International Finance Bureau Coordination Division and the Banking Bureau have suddenly started to move. Five years of recession woke them up at long last, and I have praised their efforts to handle the situation. As you know, the Japanese mass media hardly ever say anything nice; they are always bad-mouthing everything.

But I read in the latest issue of BUSINESS WEEK that Tokyo has finally and clearly understood the economic situation we are in and has started taking action. Japan has suffered from recession for a long time, but we now see surprisingly active discussions in both economic and political worlds about launching new economic policies. This means Japan has actually passed the worst period. The Japanese mass media never say things like this, so when they say "recession," you people hear negative stories only. However, the nation is now on the right track in dealing with it. For example, Ryutaro Hashimoto has been elected the new Liberal Democratic Party president, and the MOF has been taking various measures.

Anyway, compared with the past five years, I think the government is really making progress. We must support its efforts. How do we do it? Let's see: Japan's trade surplus is caused by the huge amount of exports. They say this is the reason for the yen's appreciation. Approximately 10 trillion yen of our trade surplus is excess profit. With this extra 10 trillion, we could buy more dollars and return them to the United States and other nations. That would settle the yen's appreciation.

This is what the International Finance Bureau Coordination Division chief and other MOF officials thought. Then, you might ask, how much is 10 trillion yen? As I mentioned before, the savings of the Japanese amount to 1,000 trillion yen. Ten trillion is just a hundredth of that. If you have one million yen, you buy dollars worth 10,000 yen. If you have 10 million yen, you buy dol-

lars worth 100,000 yen. If we all buy some dollars, the yen's appreciation will end immediately. This is what the government is trying so hard to do. If the Japanese cooperate in promoting such a move by the government, we will no longer need to suffer from the strong yen.

Since I have little time, I had to cut it short. But I think I have explained the basic idea. People, take action together and buy dollars; do not always think about saving money. I would like to conclude my commentary for today with this proposal.

#### **Nikkeiren's Nemoto Urges Corporate Tax Cuts**

*OW0410083295 Tokyo KYODO in English 0813 GMT 4 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 4 KYODO — The head of Japan's top employers association called on the government Wednesday [4 October] to lower corporate taxes by at least 5 percent.

Jiro Nemoto, president of the Japan Federation of Employers Associations (Nikkeiren), told a news conference a tax reduction is essential for renewed growth of the domestic economy.

The issue will be studied by the government's tax commission, which is expected to come up with an interim report around October next year.

Nemoto said Japan's corporate tax rate effectively stands at 49.98 percent, compared with 41.06 percent in the United States and 36.66 percent in France.

Nemoto showed a negative response to a call by a business leader for the creation of a new government panel to promote administrative reforms.

He expressed hope that government-appointed groups which are now working on administrative reforms and decentralization of administrative functions, will come up with proposals as soon as possible.

Jiro Ushio, chairman of the blue-ribbon Japan Association of Corporate Executives (Keizai Doyukai), called Tuesday for the inauguration of a new administrative reform commission to speed up structural reforms and deregulation.

He said a new panel is necessary to carry out drastic reforms of the nation's administrative system.

#### **Transport Ministry Permits GM To Sell Cavalier**

*OW0410060595 Tokyo KYODO in English 0520 GMT 4 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 4 KYODO — The Transport Ministry on Wednesday [4 October] gave General Motors Corp. (GM) permission to sell in



Japan the right-hand-drive version of its Cavalier model without needing to have a Japanese importer inspect each car, ministry officials.

This is the first time for one of the U.S. "Big Three" carmakers to directly obtain the ministry's designation for such cars without applying through an affiliated Japanese importer or dealer.

As a result of obtaining the designation, GM is allowed to sell the model shortly after delivery to Japanese ports without having its affiliated importer inspect each model at Japanese plants, the officials said. Such inspection used to take a few days for a single car.

GM can now conduct such mandatory inspection at U.S.-based plants through much speedier and less costly procedures without going through a Japanese importer, they said.

The Cavalier will be marketed by a dealership affiliated with Toyota Motor Corp., starting next January, Toyota officials said.

#### **International Communications Future Viewed**

*MS0310123095 London FINANCIAL TIMES  
in English 3 Oct 95 p*

[Article by Masashi Kojima, President, Nippon Telegraph and Telephone (NTT): "The Age of Convergence"; from the Financial Times 'International Telecommunications Survey' p 26]

[FBIS Transcribed Text] There has been dramatic progress in the world economy this century led by the automobile industry and supported by developments in telecommunications, electric power and transport.

People now have the freedom to travel and make more effective use of their time. Boundaries to economic and social activity are being removed.

Advances in communications technology will continue to have great impact. NTT has boosted the transmission performance of its optical technologies one hundred fold over the past 15 years. The time is approaching when multiple, low orbit satellites will enable wireless communication across the entire face of the earth.

In addition, network computing has become a decisive element in the creation of the industrial infrastructure of the 21st century.

When individual computers are harnessed together in networks, the impact will be felt not only in industry but throughout society. There will be cultural changes. The outstanding example of this is the dramatic worldwide expansion of the Internet.

What is special about computer networking is that digital technologies have made the creation, transmission and handling of information simple and cheap so that computing can be dispersed through society. Indeed, from a sociological perspective, the value of computer networks is their capacity to distribute information and knowledge, a second revolution on the scale of the introduction of moveable type printing.

Whereas information was traditionally moved one way only, with the general public confined to a passive role as receivers, citizens are now gaining the tools to create an open world.

On the economic side, such networks are destroying the boundaries between traditionally unconnected areas of industry. They are generating international competition and collaboration in the flow of goods, services and finance. We can already use a computer on our desk or in our lap to access information worldwide, purchase goods, or make a presentation.

Telecommunications markets in nations worldwide are also undergoing upheavals. The most developed economies operated government-run monopolies until the mid-1980s. They then embarked on a process of liberalisation that saw the introduction of competition into the market.

This happened most readily in long distance services while at the time, regional communications markets often continued to retain effectively near-monopoly status.

#### **U.S. example**

The prime example of the process is what happened in the United States, where AT&T was split up and a similar approach has been employed in Japan. Now, technology advances have begun to force recognition of the latent competitive potential of regional telecommunications markets.

The US is revising its communication laws to revise the Modified Final Judgement that formed the basis of the AT&T breakup, thereby enabling long-distance and regional carriers to enter each others' market while opening regional markets to competition.

In the UK, too, competition is now allowed throughout the industry, with cable TV operators able to offer regional telephone services. The other advanced economies are treading similar paths. Two points on which particular attention should focus are the use of open networks by which new market entrants can use the networks of the existing dominant carrier as a means



to promote full competition, and the elimination of distinctions between different kinds of service that follows the removal of borders in the communications market.

These changes have prompted the governments of most of the world's leading economies to adopt an approach that recognises the positive impact of the dominant national carrier, as an industrial infrastructure, on a country's industrial strength and aims to promote competition without dividing the carrier and dissipating its benefits to the overall economy.

Moreover, we see two major factors in future developments. The first is that the greater cross-border distribution of activities by corporations means that they will require global networks. Rivalry between carriers from the advanced economies keen to participate in the telecoms infrastructure creation programmes of developing nations shows that global competition is becoming a reality.

The other factor of importance is the convergence of industries, as technological innovation brings together a world in which movers of goods, information and money can carry on businesses on computer networks. This means we are entering an age in which the strongest individual carriers and consortia will compete and collaborate in a borderless global market.

In building the Global Information Infrastructure (GII), it is important not to forget that information communication is an infrastructure of the industries of the future. There is a real danger that differing speeds of development could lead to a worsening of North-South economic and environmental problems. To address this issue, distributed and independent networks are the key. From the perspective of users, the network should be seamless; from the perspective of those building it, it should be open.

We recognize the benefits of competition in providing customers with the best quality services and we have been aggressively pro-active in opening our networks. In addition, the revision of various regulations to permit competition in regional markets will further invigorate the Japanese communications market.

In June 1995, NTT announced the concept of a new network for the coming multimedia age. We are now moving ahead with construction of an Open Computer Network (OCN), a type that has never been employed by a telecommunications carrier. We intend to work with other companies through joint multimedia utilisation tests based on a high-speed, broadband, backbone network and the construction of an Electronic Commerce Network.

The construction of these networks and application platforms, and the open connection of the OCN to such networks as the Internet, are the basis for an Global Open Computer Network (GOCN), a new channel for the flow of information on a global scale. These are practical examples of the GII in action. We regard this as a definite first step toward a joint future, and we hope that you agree.

#### **Cabinet Submits 2d Extra FY95 Budget to Diet**

*OW0410014495 Tokyo KYODO in English  
0035 GMT 4 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 4 KYODO — Prime Minister Tomiichi Murayama's cabinet submitted Wednesday [4 October] a second supplementary fiscal 1995 budget worth 5,325.2 billion yen to the extraordinary Diet session.

The government and ruling coalition parties plan to complete parliamentary procedures to enact the legislation for the extra budget later this month, government sources said.

The second extra budget for fiscal 1995, which started April 1, brought the revised national budget for the year to a total of 79,038.4 billion yen.

The extra budget, the largest for an economic package, features 4,715 billion yen in outlays, including 3,393.7 billion yen for public works projects, from the government's general account for the 14.22 trillion yen pump-priming package.

#### **Gap Between Foreign Ministry, People Critiqued**

*OW0310140295 Tokyo ASAHI SHIMBUN  
in Japanese 1 Oct 95 Morning Edition p 2*

[By reporter Yoichi Kato]

[FBIS Translated Text] New York, 30 Sep — Yohei Kono, deputy prime minister and concurrently foreign minister, returned home from the United States on the evening of 30 September but his U.S. visit has given rise to the problem of "how to adjust Japanese public opinion to the handling of foreign affairs." Will Kono directly name China and France, which have conducted nuclear tests, in his UN speech? How will he respond to public opinion calling for revision of the Status of Forces Agreement [SOFA] instigated by U.S. soldiers' raping a young Okinawan schoolgirl? In both cases, Kono acted along guidelines set by the Foreign Ministry's administrative authorities seeking "consideration on foreign relations." As a result, the foreign minister turned his back against the Japanese people who wanted to see him take a tougher stance. Should diplomatic authorities fail to make utmost efforts



to explain how they arrived at their decision, the gap between their position and public opinion will further widen.

When Ministry of Foreign Affairs [MOFA] officials asked for comments from diplomats from 10 different countries regarding Kono's UN speech, not a single country praised the foreign minister for refraining from naming China and France. In his speech at a meeting to discuss the review and extension of the Nuclear Non-proliferation Treaty, Kono referred to China by name and asked the latter to halt nuclear tests. Scandinavian countries made direct reference to China and France and criticized them at the latest UN General Assembly session. In this regard, the Foreign Ministry's argument that "international meetings are different from bilateral meetings" has hardly any persuasion.

Such a stance taken by the Foreign Ministry was also visible at security talks between Japanese foreign and defense ministers and their U.S. counterparts on 27 September. Japanese officials completely avoided touching on the issue of revising the SOFA itself, seeking to ride through the situation relying on measures that have nothing to do with the SOFA, such as the statement of apology by U.S. officials and "cancellation of military exercises." In the meantime, the situation has become more critical in Okinawa, contrary to the hopes of the Japanese Government. For example, Okinawa Governor Masahide Ota has refused to force landlords to renew contracts to lease land used for military bases.

In view of the planned Japanese-U.S. summit in November, the main purpose of the latest security talks was to come up with a new meaning for the bilateral security arrangement in the post-Cold War era. Keeping this in mind, proceeding with debates on the SOFA, which serves as the basis of the security arrangement, should, in itself, have been the actual process of "reviewing the meaning" of the security arrangement. However, Foreign Ministry and Defense Agency officials have said that touching on the SOFA or the bilateral security treaty would be "tantamount to opening Pandora's box." Consequently, no debates squarely addressing the issue were held this time again.

A number of senior Foreign Ministry officials have said: "It would be quite difficult for an ordinary citizen to understand the complex nature of handling foreign affairs. You might talk about public opinion but it is extremely difficult to determine the actual situation." However, should the Foreign Ministry's handling of foreign affairs drift further away from public opinion, it is obvious that the Japanese people will lose their faith in the ministry. Kono's latest U.S. visit seems to suggest this.

#### Editorial on Murayama's Diet Policy Speech

OW0310135095 Naha RYUKYU SHIMPO  
in Japanese 30 Sep 95 Morning Edition p 5

[Editorial: "We Are Disappointed With the Prime Minister's Military Base Policy — He Has Little Understanding of Okinawans' 'Pains'"]

[FBIS Translated Text] Frankly speaking, we were disappointed with the policy speech delivered by Prime Minister Tomiichi Murayama to the Diet. He delivered the policy speech to the Diet at a time when protest voices were heard not only on Okinawa, but in other parts of our nation against the alleged rape of an Okinawan girl by U.S. servicemen, and other nations were paying attention to the human rights of people on Okinawa where U.S. troops are stationed. In the past, the prime minister was critical of the Japan-U.S. Security Treaty and he is from the Social Democratic Party of Japan [SDPJ] which still holds up the banner of defending the Constitution, although the SDPJ has changed its security policy. We expected that the prime minister, in his policy speech to the Diet, would unveil a bold policy for streamlining and reducing U.S. military bases on Okinawa.

We are appalled at the lack of sensitivity to public opinion of the prime minister and his aides. The majority of Okinawans are reacting critically to his policy speech to the Diet, saying, "He has little understanding of our pains."

As for the alleged rape of the Okinawan girl by the U.S. servicemen, he mentioned it when he spoke of Japan-U.S. relations in his policy speech. He stated: "Earlier this month, an Okinawan schoolgirl was raped by U.S. servicemen and I deeply regret this painful incident. My government will demand the U.S. side work to prevent a recurrence of such an incident. My government will make this request taking into consideration public opinion nationwide, and the feelings of the Okinawan people. My government intends to deal sternly with this incident." [quote as published] It cannot be denied that our impression was that his statement was little more than rhetoric. He did not touch on the issue of revising the Japan-U.S. Status of Forces Agreement [SOFA].

What is more, the prime minister, in his policy speech to the Diet, pledged that his government will uphold Japan-U.S. security arrangements through the 21st century and underlined the need to enforce the SOFA smoothly and effectively. He then urged the Diet to approve a new pact on Japan's share of costs to maintain U.S. Forces Japan [USFJ] during its current session.



**For Whom Sympathy?**

In his policy speech to the Diet, the prime minister did not mention SOFA, the revision of which has been demanded by many people following the alleged rape of the Okinawan schoolgirl by U.S. servicemen. Japan's share of the costs to maintain USFJ is called Japan's "sympathy budget" for the USFJ. We do not know what the government is going to do in the future. The Diet convened an extraordinary session for the first time since the 50th anniversary of the end of World War II was marked. The prime minister's policy speech to the Diet was an important speech in which he should have made clear how he viewed the post-war 50 years, and how he planned to grapple with issues and set the direction Japan will take in the next century.

In his policy speech to the Diet, the prime minister emphatically stated: "What has shored up the development of our nation during the post-war years? What will stand in the way of developing our nation in the future? We will have to seriously discuss what we need to do for the development of Japan, as well as the rest of the world, in the next century. My government will have to grapple boldly with reforms."

What will be important for the Okinawans in the next century is to unshackle the yoke of U.S. military bases. This depends on how the government does away with its "Cold-War mentality." On this point, the prime minister stated, "My government will continue to examine our nation's future defense capability from a comprehensive standpoint, while taking into consideration changes which have taken place in the international situation since the end of the Cold War." In this way, the prime minister stuck to the policy of maintaining Japan's security on the basis of the Japan-U.S. Security Treaty, and on the premise that U.S. troops are stationed in Japan.

In his policy speech, the prime minister repeatedly pointed out that the governments of Japan and the United States should work for disarmament in a way that is compatible with a new age, without clinging to their stereotypes in the Cold War age. "Military affairs" have been left to the discretion of defense officials and they have become a "sanctuary." What we have asserted is that the government ought to get rid of this sanctuary by boldly pushing for administrative reform and starting to reorganize the defense bureaucracy. Breaking down walls built by bureaucrats is the job of politicians.

With the collapse of the Soviet Union, a military superpower during the Cold War era, it is crystal clear that there is no need to keep the same number of U.S. troops stationed on Okinawa as in the Cold War era. It would be possible for the United States to reduce

its troops in Northeast Asia, including Okinawa, while protecting the national interests of both Japan and the United States. The prime minister, in his policy speech, should have clearly indicated how disarmament should be pursued.

**Reasons For the Governor To Refuse to Sign**

There is no need to maintain the same size of U.S. troops and military bases on Okinawa as in the Cold War era. We believe that it is necessary to accurately figure out the number of troops, that is, a quantitative presence requirement which is compatible with the current international situation and military needs.

Our interpretation is that the overconcentration of U.S. military bases on Okinawa has been left unredressed because of long-standing political and administrative inertia. The military is like the bureaucracy. The bureaucracy tries to bloat itself by preserving posts, personnel, equipment and budget irrespective of their work requirements. The government should sternly check the presence of USFJ from the standpoint of administrative and fiscal reforms.

The Okinawa prefectural governor has decided not to sign land survey documents. His signing of the documents is one of the procedures for forced use of land by U.S. Forces on Okinawa for military purposes. Explaining the major reason he has refused to sign them, Governor Ota has said, "To build a new Okinawa, where our youths can dream of the 21st century, it is necessary to remove U.S. military bases from Okinawa, which stand in the way of developing our island."

Perhaps, Tokyo and Washington think of the issue of Japan-U.S. security arrangements and SOFA as little more than a desk problem, but Okinawa takes them as an issue that needs to be resolved immediately. Just prior to concluding his policy speech, the prime minister said: "The task for my government is to build a new Japan where our children and grandchildren will be able to live free of concern and lead an affluent life, and will feel happy about their birth in the new Japan, while looking ahead to the state of our nation and the world in the next 50 years." If his statement proves genuine, he would understand the feeling that Governor Ota felt when he refused to sign the land survey documents.

Japan has tolerated the state of a "military concession" on Okinawa by allowing USFJ to establish 75 percent of its military bases on the island over the past 50 years. Is Japan really a sovereign nation?

We no longer want to receive the rhetoric of sympathy. We hope the Diet will have a correct understanding of issues such as the alleged rape of the Okinawan



schoolgirl by U.S. servicemen, and the governor's refusal to sign the land survey documents that have been thrust upon Okinawa.

**'Mammoth Conservative Party' Prediction Viewed**

952B0215A Tokyo SHUKAN ASAHI in Japanese  
4 Aug 95 pp 30-33

[Interview With Koichi Kato and Hajime Funada, key persons in the LDP and NFP, by Takeshi Soga; date and place not given]

[FBIS Translated Text]

**Key Persons in Both Liberal Democratic Party [LDP] and New Frontier Party [NFP] Make Predictions; Politics Is Boring.**

It's all twisted and hard to understand. Even with the upper house election over with, the standoff formula of LDP-SDPJ [Social Democratic Party of Japan]-Sakigake vs. NFP shows no sign of any change at all. Is there no easy-to-understand blueprint of a realignment of the political world? We asked Koichi Kato and Hajime Funada, key persons in the two leading parties of the LDP and NFP, and saw the indistinct glimmerings of a mammoth conservative party taking shape.

**Funada and Others Within NFP To Form Massive 400-Member Party, General Election in Summer or Fall of Next Year**

**LDP's Koichi Kato**

[SHUKAN ASAHI] The political framework of LDP-SDPJ-Sakigake coalition vs. NFP shows no sign of changing.

[Kato] The reason why a political realignment is not happening is because each party will in the next lower house election be forced for the first time to go against other parties' candidates head-to-head in single-seat districts. Although the current situation should be seeing the clay being reworked in a major realignment, the single-seat district is an obstructing board that is keeping the clay from coming together to be worked. A realignment must wait until after the general election.

[SHUKAN ASAHI] When do you read the timing for the general election?

[Kato] It won't happen soon. At least that's the direction it will probably go. Public opinion polls seem to show that people prefer to see a calm and composed government over political realignments that do not seem to change anything. The situation for dissolution of the Diet and a general election will probably come after

the fiscal 1996 budget has been passed, in July or the autumn of next year.

[SHUKAN ASAHI] How do you predict the political world will appear after a realignment?

[Kato] After the election, there will appear a "alliance of victors," involving a mammoth ruling party of 350 to 400 Diet members. It will be a "grand political realignment alliance," out of which will come opposing groups concerning new policies, leading to the occurrence of a true realignment.

People tend to think that the opposing groups that will be the key to this next realignment will be one of "dove vs. hawk" or "big government vs. little government." In fact, we probably should have introduced the single-seat districts only after these kinds of long-running opposing groups had become clearly fixed in stone. But we made a mistake. Because we mistakenly introduced it (single-seat districts) beforehand.

[SHUKAN ASAHI] Once a mammoth conservative party appears, how will the opposing groups be clarified within the party?

[Kato] For the time being, it will be necessary to have debates that are not bound by party. Even now, it would probably be all right to exclude from party bonds such issues as brain death or different family names for husband and wife. I think that even the issue of handling bad debts in the financial sphere should be excluded.

[SHUKAN ASAHI] But if a mammoth ruling party suddenly appears, and if the opposing groups are not clear, then won't the attraction of being the ruling party be enough to prevent anyone from trying to split the party?

[Kato] That danger certainly exists. But the only alternatives are if we do a serious realignment, then the opposing groups must mature within a "grand political realignment alliance," and if we do not, then we should rejuggle the election system and return to the medium-size electoral district system so that individual parties remain intact. The single-seat district system forces politics into molds when it ought to be being allowed to flow. But returning the electoral system to its original form would invite severe distrust in government on the part of the people.

**Rather than 'Conservative-Conservative,' Promote Changing of the Generations**

[SHUKAN ASAHI] Besides opposing groups, what keywords can be used to classify the mammoth party realignment?



[Kato] One thing that is vaguely wafting around like an adhesive is the sense of generation. It's the feeling that people simply cannot abide by the sense of their elders any longer.

[SHUKAN ASAHI] What is it that seems so old-fashioned?

[Kato] It is government that is controlled by just a few people. Like no one being able to oppose Mr. (Shin) Kanemaru (former vice president of the LDP). So if a "conservative-conservative alliance" takes the form of "once more the dream of the Tanaka faction," then I would strenuously resist.

Mr. Kozo Watanabe of the NFP said "set up Ryutaro Hashimoto as leader." But I wonder if he said that thinking that he was still a member of the LDP. And while I held my breath watching to see how Mr. Hashimoto would respond, he just said, "You are a nuisance." If he had said nothing, there would undoubtedly have been some vicious aftereffects.

[SHUKAN ASAHI] For the LDP presidential election in September, the YKK group of Mr. Kato, Mr. Taku Yamasaki, and Mr. Junichiro Koizumi is seeking a decisive vote.

[Kato] Yes. We want to see calm candidacies and a calm vote.

[SHUKAN ASAHI] Doesn't YKK hold the casting vote between the Kono-Mori administration and the former Takeshita faction group?

[Kato] ... Well, the three of us promised to act in unison, but we have not yet decided what exactly to do. What is important this time is choosing a party president who can win the next general election.

Right now, three people, Mr. (Yohei) Kono (LDP president), Mr. Hashimoto, and Mr. Michio Watanabe, are in the competition. It is a fact that Mr. Hashimoto has established a presence following the close of the Japan-U.S. auto talks. Mr. Kono did not really offer any leadership or deliver any kind of message over the past six months. But that was while his now-departed wife was fighting her illness, and we understand that that was the reason.... So we still do not know what we are going to do.

[SHUKAN ASAHI] On the other side, what will happen to the NFP?

[Kato] The recent upper house election was an election featuring candidate quality and organizing ability. These organizations were the LDP's support groups, the Soka Gakkai and the old Komeito party, and the Japanese Communist Party.

It is now clear that the strength of the NFP lies in organizing abilities of the old Komeito party. If so, then former LDP people are in danger of sinking into that. This is because it is in the process of changing from the party of Mr. (Ichiro) Ozawa (secretary general) to the party of Mr. (Yuichi) Ichikawa (former chairman of Komeito). I cannot believe that the former LDP people will take this lying down. At the very least, I think that Mr. Hajime Funada is clearly expressing his opinion.

[SHUKAN ASAHI] If this happens, won't the former LDP people in the NFP leave the party and merge with the LDP if they cannot gain a majority in the next general election?

[Kato] If there is a realignment, then that is what will probably happen.

But is a two-party system really what Japan's political society seeks? The coexistence of two genuine parties requires respect for individual opinions and a political culture that allows calm debate. Such a culture may take about 20 more years.

I think that what the people want is long-term, stable political strength. They want a superior, new, and powerful conservative regimentation.

[SHUKAN ASAHI] But even in this case, don't you need a liberal party to oppose the neo-conservative party?

[Kato] Yes. I think that there are politicians who can express their individuality in that camp. The SDPJ really likes the word "No." They like to be the party of resistance. This is true for Sakigake as well; there are some people who feel somehow impure because they are one of the ruling parties. People like Mr. Shusei Tanaka seem better off when they can act like a critical faction.

[SHUKAN ASAHI] Will the changing of the generations be a major key in political realignment?

[Kato] I think it will be a key. Unless the LDP offers some kind of new wave to the people, politicians in future will have to be able to deliver some kind of message.

All over the country these days, all the people are cool to the political meetings being held, just listening politely to the speeches. This is frightening. Before, people were happy to see the politician they supported do well. Now, everyone seems to be carefully examining what the politician they selected is doing.



**Liberal Conservatives Span From Yokomichi to Kato; Former Takeshita Faction Is Too Far To the Right**

[SHUKAN ASAHI] We wait and wait, but the second curtain does not seem to be rising on political realignment.

[Funada] I was kind of hoping that a political realignment would happen sometime between the recent upper house election and the next lower house election, but it seems that all the major parties are happy with the results of the upper house elections (laughs). The framework of an LDP-DSPJ coalition should continue until the lower house election.

But that does not mean that there will be no moves toward a realignment before the election. Even within the LDP there will be policy formations, or groupings. And in our NFP, as well, although this is a difficult thing to say, internal groupings should appear based on old forces and on new idea forces. The next political realignment will see the forces in each of the parties suddenly come to the surface when they have to, and start forming leagues.

[SHUKAN ASAHI] Is it now too difficult for the NFP to cause the LDP to fracture without itself being wounded?

[Funada] If we take the idea that the NFP should continue as is, then the ideal would be to escape being wounded. But both parties are rife with contradictions, and if just one side were to split it would leave the impression of having been defeated. Strategically, it would be better for both parties to split into equal mergers.

[SHUKAN ASAHI] Should a split occur, what would be the main policy point for the opposing groups?

[Funada] While this is the orthodox view, I think it must be big government vs. small government.

But the old-fashioned version of small government, with its supremist capitalist principles, would surely cause distortions in society. I think that rather than have the government watch over people from the public sector, we should bring to the fore volunteers, mutual aid societies, neighborhood committees, and private nonprofit organizations, and give them the capability to correct these distortions.

Since having the government do all the work to repair these distortions is the conventional "liberal" position, that is rather too much (laughs). But I am a "neo-conservative" with some liberal ideas woven in.

[SHUKAN ASAHI] What is the lineup of leaders who can join with you?

[Funada] On the so-called left, or liberal, side, Mr. (Takahiro) Yokomichi (former governor of Hokkaido) barely gets in. Just in front of him is Mr. (Sadao) Yamahana (former chairman of the JSP), with whom we can certainly join hands with.

[SHUKAN ASAHI] What about Prime Minister Tomiichi Murayama?

[Funada] He's not even in the range of view.

Now, on the right side, in the LDP, there is Mr. Koichi Kato. He's a person who knows liberals.

[SHUKAN ASAHI] What about Masaharu Gotoda or LDP President Kono?

[Funada] While those people are liberal when it comes to foreign policy, their domestic policy is old-fashioned classical liberalism. Viewed from a total perspective, I think that those people fall somewhere between Mr. Yokomichi and Mr. Kato.

[SHUKAN ASAHI] What about the old Takeshita faction that Mr. Funada formerly associated with, such as former Prime Minister Noboru Takeshita or Mr. Seiroku Kajiyama?

[Funada] The nostalgia they hold for various things, and the detailed vigilance of their political methods could be considered to be liberal in some areas. Basically, however, they are relatively old-fashioned conservatives. Unfortunately, they are too right wing to be a partner.

And a resuscitation of the old Takeshita faction, and the idea that I might place myself in that new version, would be like turning back the clock, especially when I consider the way I have handled political realignment over the past two and a half years.

**'Conservative-Conservative' Is the Line, But What About Mr. Ozawa?**

[SHUKAN ASAHI] What about Sakigake?

[Funada] Mr. Yukio Hatoyama is more on the inside than Mr. Yokomichi, and we have no problems forming a linkup. But I do not understand Mr. (Masayoshi) Takemura (Finance Minister). Ever since he became finance minister he has been unexpectedly classically liberal and noninterventionist. When liberal equaled "anti-Ozawa" (during the Hosokawa administration), he had been the flagbearer.

[SHUKAN ASAHI] What is Mr. Ichiro Ozawa to the NFP?

[Funada] That is a difficult question.... Perhaps it would be necessary to read once again the *Blueprint for Building a New Japan* (authored by Mr. Ozawa). But



it seems to me that, within conservatism, he is a hard-line conservative. If we are truly to work together, I think we need to add some liberal aspects and revise the Ozawa thesis.

And I do not understand Mr. (Morihiro) Hosokawa (former prime minister). His calls for a new liberalism, a so-called "New Deal Alliance," which involves thoroughgoing deregulation and becomes a statement quite far to the right in the old-fashioned classical liberalism. When I hear the statements he has made to date, I am sure that he will join in, however. And former Prime Minister Tsutomu Hata is originally a liberal.

[SHUKAN ASAHI] On organizations that you could possibly team up with, what about religious organizations like Rissho Koseikai?

[Funada] Rissho Koseikai is very cautious on the Yasukuni Shrine issue, and is liberal. If we set aside our relationship with Soka Gakkai and the old Komeito party, then we can come to quite a few points of agreement in discussions.

[SHUKAN ASAHI] The idea of a two-party system was supposed to be a marketplace of conservatives and liberals.

[Funada] For two or three elections, the chances are high of an excessively tripolar system. There is the traditional conservatives with their supremist capitalist principles, the complete liberals, and those like myself who fall in between as centrist "neo-conservatives" with a liberal flavor. Old conservatives are being weeded out, after which the route will be a two-party system of conservatives and centrists vs. liberals. This differs from the old concept of a "Conservative-Conservative alliance" opposing the liberals.

[SHUKAN ASAHI] People like Mr. Kozo Watanabe of the NFP appear to want a "Conservative-Conservative alliance."

[Funada] If that happened, it would become a completely hodge-podge, directionless party. That kind of party cannot possibly become a permanent result of realignment.

[SHUKAN ASAHI] But when you consider the desires of conservative Diet members of the ruling party for a "Conservative-Conservative alliance," isn't there a possibility of the birth of such a mammoth conservative party?

[Funada] A mammoth conservative party.... Setting aside for a moment whether that is a good or a bad idea, there is the distinct possibility that the "victor's group" will suddenly become fixed in stone. But if we do that, then it means bringing together people with a broad

range of views, and it cannot become a stable political party. I think it would be no more than transitional, and would soon be reorganized again.

[SHUKAN ASAHI] Will the SDPJ's new party movement succeed? Prime Minister Murayama is calling for a linkup with citizen's groups, while Mr. Yokomichi is calling for "alliance of local parties."

[Funada] A local-adherence type of government is good. But dispersion of authority to local areas is the only way for party heads to get a united voice in the Diet. A linkup with citizen's groups will get no further than the local level.

[SHUKAN ASAHI] But what if the SDPJ's new party movement makes no progress, and after a true realignment, a "neo-conservative" party trained by liberals should appear, then history will have repeated itself, becoming no more than a reprise of the "1955 system" of LDP and SDPJ.

[Funada] I have been told a similar story before. That person said, "What you are saying is too selfish. What do you say about the political party that takes everything that is delicious?"

But there is no clear policy boundary between the liberals and my "neo-conservatives." If the liberals take and promote policies near the boundary line, then the "neo-conservatives" could become the ruling party for ten thousand years or even more.

## North Korea

### Commentary Reacts to South Minister's Speech

SK0410051695 *Pyongyang KCNA in English*  
0455 GMT 4 Oct 95

["S. Korean Puppet Foreign Minister's Illogical Rigmale" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 4 (KCNA) - The South Korean puppet Foreign Minister, Kong No-myong, in a recent general "speech" at the United Nations General Assembly session talked about "human rights problem," "the issue of the convention of ban to chemical weapons," "the nuclear issue" and "inter-Korean dialogue issue." NODONG SINMUN today brands his remarks as an illogical rigmale slandering the fellow countrymen in the North.

In a commentary titled "Dogs Bark, the Moon Shines Bright" the paper says:

He expressed "concern" over the "North's situation of human rights." This is the height of sarcasm and gives a glimpse of the colonial stooge's shamelessness and political ignorance.



The human rights problem in the Korean peninsula is confined only to the Kim Yong-sam group, that have turned South Korea into the worst graveyard of human rights in the world by dint of the "National Security Law," a notorious anti-democracy, anti-reunification fascist law.

It is a disgusting act that the puppets, the chief violators of human rights, are charging the North with the non-existent "human rights problem" of the North. They must know that if they spit at the sky, the spittle will fall on their faces.

It is also impudent of Kong No-myong to urge the North to join the "convention of ban to chemical weapons." We state again that we have no chemical weapon but oppose the development, production, stockpile and use of such kind of weapons. Whether we join an international convention or not is a matter pertaining to our sovereignty as an independent state.

While calling on the North to join the convention, the puppets are trying to cover up such flunkeyist and traitorous acts of theirs as reducing South Korea to a U.S. storehouse of biochemical weapons and their market.

We also take a serious view of Kong's utterances about the "nuclear issue" and "maintenance of the armistice agreement." The nuclear issue in the Korean peninsula can be resolved only by the Democratic People's Republic of Korea and the United States. The South Korean puppets have neither qualification nor justification to poke their nose into the issue. It is clear to everyone that they are trying to obstruct the implementation of the DPRK-U.S. framework agreement, raising outcries over the non-existent "nuclear issue" of the North.

It was to balk the implementation of a new peace mechanism that Kong cried for the "maintenance" of the existing armistice agreement, which has been left without any real meaning by the U.S. systematic destructive moves.

Kong had the cheek to say that he hoped "for dialogue and cooperation with the North."

We will keep tabs on the blackest crime of the puppets, who levelled guns at the fellow countrymen in the North last year when they were suffering a great misfortune, and make them dearly pay for it.

If the puppets truly hope for dialogue and cooperation with the North, they must apologize for the anti-national, anti-ethical crimes against the North, scrap the "National Security Law," which stands in the way of national reconciliation, unity and reunification and pull down the concrete wall to show their sincerity for

dialogue. "Dialogue" and "cooperation" without such fundamental measures are nothing but an empty talk and an insult to the North.

The Kim Yong-sam group's export of the anti-North campaign is enough for them to meet a severe punishment by the nation.

**Hanchongnyon Students Leave Pyongyang 3 Oct**  
*SK0310114495 Pyongyang KCNA in English*  
1115 GMT 3 Oct 95

[FBIS Transcribed Text] Pyongyang, October 3 (KCNA) — Pyongyangites with kindred feelings took their farewell of Chong Min-chu and Yi Hye-chong, delegates of the South Korean Federation of General Student Councils (Hanchongnyon) under the South side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon), who were going back to South Korea today.

Chong Min-chu, a student of the architecture course of Incheon City University, and Yi Hye-chong, a student of the accounts course of the Democratic Sacred Heart School of Catholic University, authorized by Hanchongnyon, participated in the fifth reunification festival of Pomchonghangnyon as delegates of the South side headquarters of Pomchonghangnyon and contributed to significantly adorning the grand national reunification festival marking the 50th anniversary of the country's liberation as an epoch-making historical occasion in the reunification of the country in the 1990s.

A farewell ceremony for Chong Min-chu and Yi Hye-chong, "birds of reunification", took place at the square of Pyongyang indoor stadium with the attendance of thousands of working people and students in the city.

Present there were Yang Hyong-sop, chairman of the Supreme People's Assembly (SPA), Kim Yong-sun, chairman of the Reunification Policy Committee of the SPA, Chang Chol, vice-premier of the Administration Council, Yu Mi-yong, chairwoman of the Central Guidance Committee of the Korean Chondoist Association, Yo Yon-ku, Presidium member of the Central Committee of the Democratic Front for the Reunification of the Fatherland, Choe Yong-hae, chairman of the Central Committee of the League of Socialist Working Youth of Korea, and others.

Also present were a delegation of the overseas headquarters of Pomchonghangnyon and Choe Chong-nam, director of the joint secretariat of Pomchonghangnyon.

In his speech, Kang Hyon-su, chairman of the Pyongyang municipal people's committee, said that the



Pyongyang visit of Hanchongnyon delegates is an expression of their noble patriotic feelings to reunify the cut blood vessels of the nation and the divided territories into one even at the risk of their lives, on the road to national reunification. Their visit is praised by all the fellow countrymen aspiring after reunification including those in the North, Kang Hyon-su added.

He urged that the South Korean authorities ensure a safe return of the young girl students who are going back after doing good things for national reunification and not persecute and suppress them.

In his speech, Ho Chang-cho, chairman of the North side headquarters of Pomchonghangnyon, said the unified motherland will always remember Chong Min-chu and Yi Hye-chong, delegates of Hanchongnyon, who return to South Korea for national reunification, making a greater breakthrough in the wall of division.

In her speech, Yi Hye-chong said:

"We will go back to the South with dignity to remove the Military Demarcation Line, which blocks free travel of the Korean nation, and to imbue new hope and confidence into the minds of the 70 million Koreans.

"The Pyongyangites' love for and trust in Hanchongnyon, which we felt once again during our stay, will be a source of great strength in our future struggle. We will never retreat or yield to whatever persecution by the enemy. We will see you Pyongyangites again after the reunification of the country as dependable students."

In her speech, Chong Min-chu said:

"During our stay in the North, we could learn the meaning of the nation and see the hope of reunification in the eyes of northern people. We will convey their eyes and minds to the southern people and the million students.

"We will never forget you and will courageously fight for reunification as daughters of the 70 million Koreans and 'birds of reunification'."

People, youth and students in Pyongyang turned out to a long route from the square of Pyongyang indoor stadium to Tongil Street through Chollima Street and expressed regret at parting, shouting "National reunification," "Korea is one" and "Let us meet again when the country is reunified."

They sincerely hoped that the delegates would safely go back to South Korea and enjoy good health till the day of reunification.

The delegates will go back through Panmunjom today.

### Pass Through Panmunjom

SK0310114195 *Pyongyang KCNA in English*  
1118 GMT 3 Oct 95

[FBIS Transcribed Text] Panmunjom, October 3 (KCNA) — Chong Min-chu and Yi Hye-chong, delegates of the South Korean Federation of General Student Councils (Hanchongnyon) under the South side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon), returned through Panmunjom this afternoon after visiting Pyongyang across the death line to make a great phase of reunification on the occasion of the 50th anniversary of the liberation of the country.

Chairwoman of the central guidance committee of the Korean Chondoist Association Yu Mi-yong, Presidium member of the Central Committee of the Democratic Front for the Reunification of the Fatherland Yo Yon-Ku, chairman of the North side headquarters of Pomchonghangnyon Ho Chang-cho, and others bid warm farewells with the delegates and hugged them.

Hundreds of students in Kaesong saw off the "birds of reunification."

Prior to their return, a meeting for farewelling delegates of Hanchongnyon under the South side headquarters of Pomchonghangnyon and urging an abrogation of the "National Security Law" was held in front of the Panmun House.

### Further on Departure

SK0310144995

[FBIS Editorial Report] Pyongyang Korean Central Broadcasting Network in Korean on 3 October carries reports on the meetings bidding farewell to delegates of the South Korean Federation of General Student Councils (Hanchongnyon) and their departure via Panmunjom.

At 0630 GMT, the radio carries a 30-minute recorded coverage of a Pyongyang mass rally held at the square of the Pyongyang indoor stadium on the morning of 3 October to bid farewell to Chong Min-chu and Yi Hye-chong, delegates of Hanchongnyon.

The radio reports that Yang Hyong-sop, chairman of the Supreme People's Assembly (SPA); Kim Yong-sun, chairman of the Reunification Policy Committee of the SPA, Chang Chol, vice premier of the Administration Council; Yu Mi-yong, chairwoman of the Central Guidance Committee of the Korean Chondoist Association; Kang Hyon-su, chairman of the Pyongyang Municipal People's Committee; Choe Yong-hae, chairman of the



Central Committee of the League of Socialist Working Youth of Korea; Yo Yon-ku, Presidium member of the Central Committee of the Democratic Front for the Reunification of the Fatherland; Paek In-chun, chairman of the Central Committee of the General Federation of Unions of Literature and Arts of Korea; Paek Hak-yon, permanent vice chairman of the Pyongyang Municipal People's Committee; Ho Chang-cho, chairman of the North side headquarters of Pomchonghangnyon; and functionaries concerned were present at the rally.

At 1100 GMT, the radio carries a 50-minute recorded coverage of a meeting bidding farewell to delegates of Hanchongnyon and urging an abrogation of the National Security Law. The meeting is said to be held in front of the Panmun House. Student organization leaders from the North deliver speeches summing up the ROK students' activities in the DPRK, bidding farewell to and expressing solidarity with the ROK students. The radio reports that, after the ceremony, the South Korean delegates pass through Panmunjom.

#### **Meeting Held at Panmunjom**

*SK0310154395 Pyongyang KCNA in English  
1520 GMT 3 Oct 95*

[FBIS Transcribed Text] Panmunjom, October 3 (KCNA) — Chong Min-chu and Yi Hye-chong, delegates of the South Korean Federation of General Student Councils (Hanchongnyon) under the South side headquarters of the National Alliance of Youth and Student for the Country's Reunification (Pomchonghangnyon), returned through Panmunjom, a symbol of division, this afternoon after visiting Pyongyang with an ardent wish for national reunification.

They arrived in Pyongyang on August 10 making a detour at the risk of their lives to convey the will of the million students under Hanchongnyon to reunify the country this year, the 50th anniversary of the nation's liberation and its division.

Today they crossed the hateful demarcation line as "birds of reunification" after their 50-day visit.

Their return through Panmunjom is the third of its kind. Yim Su-kyong, the "flower of reunification," crossed it first in August 1989 and Pak Yong-kil, the "grandmother of reunification," second in July this year.

Prior to their return, a meeting was held in front of the Panmun House to bid farewell to the delegates of Hanchongnyon under the South side headquarters of Pomchonghangnyon and urge the abolition of the "National Security Law."

Choe Chong-nam, director of the joint secretariat of Pomchonghangnyon, made a report on the activities the delegates conducted during their visit to the North.

The reporter appreciated the successful activities of the delegates. During their 50-day stay in the North, they conducted hopeful and pleasant activities, renewing their resolve to devote their youth to the reunification of the country.

The reporter expressed the belief that the two delegates, whom the youth and students in the North, South and overseas call "birds of reunification," would victoriously make their way through difficulties.

In a solidarity speech, Yun Hui-sop, vice-chairman of the North side headquarters of Pomchonghangnyon, urged the United States and the South Korean authorities to open the way for the return of the delegates, who did such things for reunification as deserve praise of the nation, and to immediately give up the plan to arrest the delegates on charges of violation of the murderous, notorious "National Security Law."

If the South Korean authorities throw the delegates behind bars, ignoring the demand of the youth and students and all other people, the struggle to rescue them will be waged as a national and international solidarity movement as well as a campaign of Pomchonghangnyon, the speaker warned.

Chong Chil-wol read a solidarity address of overseas youth and students for the delegates.

She said:

"We will not remain an onlooker to the anti-reunification crimes of the South Korean authorities. If they handcuff the two dear delegates and throw them behind bars, they will face a thousandfold retaliatory punishment.

"The road ahead of delegates Chong Min-chu and Yi Hye-chong is defended by the one million students of the South Korean Federation of General Student Councils, steel-like ranks for national salvation, and youths and students in the northern half of Korea and overseas stand firm behind them." Chong Min-chu in a solidarity address to youth and students in the North and overseas said:

"What is the most valuable thing we got during our 50-day visit to the northern half of Korea is that we met with the compatriots in the northern half of Korea and from abroad and came to know about their brotherhood. As we know that you have all along fought together with us, we do not feel lonesome and are confident that we can wage a more valiant struggle in the face of any difficulties.



"We will lead a life full of love for our country through a proud struggle as sons and daughters in this land as well as your brethren and comrades. We believe that we will meet with each other again in a reunified country."

Those present at the meeting shouted loud and clear their united messages: "Let the students in the North, the South and overseas become standard-bearers in the struggle for national reunification!" And "scrap at once the anti-reunification 'National Security Law'". At the end of the meeting the masses said good-bye after singing the songs "Song of Comradeship," "Song of Pomchonghangnyon," "March of Hanchongnyon" and "See You Again" and shouting the slogan "national reunification", shoulder to shoulder with each other.

At last there came a parting moment. But, a welcome group which was supposed to show up at Panmunjom to greet Chong Min-chu and Yi Hye-chong, who were to get back to the one million students, was not yet in sight.

It was made clear at the second Hanchongnyon Central Committee meeting held a few days ago that a large welcome group would be sent to Panmunjom on October 3 to greet the delegates Chong Min-chu and Yi Hye-chong, who were going back, breaking through the barrier of division.

The group failed to make its appearance at the place owing to the vicious obstructions of the South Korean authorities. The U.S. imperialist aggression troops and puppet military police under arms were seen creating a terror-ridden atmosphere in the South side s portion of Panmunjom.

Chairwoman of the central guidance committee of the Korean Chondoist Association Yu Mi-yong, presidium member of the Central Committee of the Democratic Front for the Reunification of the Fatherland Yo Yon-Ku, officials of the North side headquarters and the delegation of the overseas headquarters, of Pomchonghangnyon, director of the joint secretariat of Pomchonghangnyon Choe Chong-nam, the students who were the friendly terms with the delegates during their stay in the northern half of Korea bid the delegates fare-well before hugging them warmly.

When they crossed the demarcation line, Chong Min-chu and Yi Hye-chong turned to the North and waved with their united messages: "Good bye, let us meet again at the square of reunification."

At 4:20 P.M. the proud delegates of Hanchongnyon crossed the Military Demarcation Line [MDL]. The delegates paid a historic visit to Pyongyang with the firm will for reunification and faith and returned as the valiant fighters of reunification.

As soon as they crossed the MDL, MPs of the United States and puppet army posted there walked them away.

The fare-well bidders shouted "Comrade Min-chu, Comrade Hye-chong! Let us see again on the day of reunification" and loudly sang the songs "Our Wish Is Reunification" and "Reunification, Come Earlier".

A press conference was called at the Panmun House as regards the return of Hanchongnyon delegates.

#### **Delegates Arrested Due to Trip**

*SK0410053695 Pyongyang KCNA in English  
0435 GMT 4 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 4 (KCNA) — The South Korean fascist clique on Tuesday arrested Chong Min-chu and Yi Hye-chong, delegates of the South Korean Federation of General Student Councils [Hanchongnyon], who had visited the northern half of Korea, as soon as they crossed the Demarcation Line of Panmunjom, and escorted them to Seoul to detain them on the charge of violation of the "National Security Law", said Seoul-based radio.

The fascist clique are charging them with the alleged "activities profiting the enemy".

The criminal repression by the anti-national and anti-reunification elements who detained the praiseworthy daughters of the nation, who did righteous activities for national reunification, by invoking the fascist law, is arousing the surging indignation of the 70 million fellow countrymen including the one million students of Hanchongnyon.

#### **Further on Arrest**

*SK0410015195 Pyongyang Korean Central  
Broadcasting Network in Korean 1400 GMT 3 Oct 95*

[FBIS Translated Text] This news just arrived. According to a radio report from Seoul today, the fascist clique arrested Chong Min-chu and Yi Hye-chong, delegates of the South Korean Federation of General Student Councils (Hanchongnyon), as soon as they crossed the demarcation line in Panmunjom to return home after visiting the northern half of the Republic. The fascist clique transferred them to Seoul and arrested them under the charges of having violated the National Security Law.

The fascist clique is suppressing them under the preposterous charges that they committed the crime of carrying out the so-called acts benefiting the enemy and so on.

The antinational and antireunification elements' criminal oppressive atrocity of arresting the proud daughters of the nation who carried out just activities for the fatherland's reunification under the pretext of the fascist



vicious law, is bringing about surging anger from all the youth, students, and people including the one million students of Hanchongnyon.

Also, some 800 South Korean university students affiliated with Hanchongnyon held a gathering and demonstration welcoming delegates Chong Min-chu and Yi Hye-chong.

According to a radio report from Seoul, some 800 university students affiliated with Hanchongnyon held a gathering at Koryo University today to welcome delegates Chong Min-chu and Yi Hye-chong. During the gathering, they resolutely denounced the fascist clique's antinational criminal act for arresting Hanchongnyon delegates of the South Korean headquarters of the National Alliance of Youth and Student for the Country's Reunification (Pomchonghangnyon), and strongly demanded that the notorious National Security Law be abolished.

After the gathering, the students occupied the crossroads at Tongnimmun at 0400 PM and resolutely carried out street demonstration.

This news just arrived.

#### **Rally on Arrest**

SK0410053995 *Pyongyang KCNA in English*  
0427 GMT 4 Oct 95

[FBIS Transcribed Text] Pyongyang, October 4 (KCNA) — More than 800 students affiliated with the South Korean Federation of General Student Councils (Hanchongnyon) held a rally at Korea University on Tuesday in welcome of the delegates, Chong Min-chu and Yi Hye-chong, a Seoul-based radio reported.

At the rally, they sharply denounced the fascist clique for their anti-national crime of having arrested the delegates of Hanchongnyon under the South side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon) and strongly demanded the repeal of the notorious "National Security Law".

After the rally, the students occupied the crossroad of Tongnip [Independence] Gate and staged a street demonstration.

#### **Students Demonstrate**

SK0310123395 *Pyongyang KCNA in English*  
1120 GMT 3 Oct 95

[FBIS Transcribed Text] Pyongyang, October 3 (KCNA) — More than 60 students under the South Korean Federation of General Student Councils (Hanchongnyon) dashed into the "National Assembly" hall,

staging a demonstration, according to a radio report from Seoul.

They entered the building through the front gate, crying out slogans that call for abolition of the "National Security Law" and release of prisoners of conscience.

Upset by this, the fascist clique tried to block them and walked off all of them.

#### **DP Supports Special Law To Punish 'Criminals'**

SK0410054595 *Pyongyang KCNA in English*  
0457 GMT 4 Oct 95

[FBIS Transcribed Text] Pyongyang, October 4 (KCNA) — The South Korean opposition Democratic Party [DP] urged enactment of a special law for the punishment of those responsible for the Kwangju bloodbath in May 1980, a Seoul-based radio reported.

On September 30, its spokesman accused the present "government" of having decided not to indict the criminals involved in the May 18 bloodbath and brutally suppressing demonstrations of students against the decision to injure many of them. He demanded that the authorities accept their just demand and enact a special law.

#### **Radio Cites South Koreans Admiring Kim Chong-il**

SK0310110495 *Pyongyang KCNA in English*  
1035 GMT 3 Oct 95

["The Leader Kim Chong-il Is Sun of Hope" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 3 (KCNA) — The South Korean people of all walks of life are ardently admiring the great leader Comrade Kim Chong-il as an outstanding great man equipped with literary and military accomplishments and as the sun of hope for the nation's prosperity. This news was available at the Seoul-based radio Voice of National Salvation [VNS] in its report about the information from regional committees under the National Democratic Front of South Korea (NDFSK).

The information from the NDFSK Seoul city committee quotes a certain Pak, a publisher residing in Songdong District, as saying to his colleagues:

"During the 15-year-long publishing work, I have published lots of North-related books disliked by the authorities, while I could know well that General Kim Chong-il is, indeed, an outstanding great man equipped with both literary and military accomplishments.

"You, too, read the books on General Kim Chong-il. He is a man who mastered all such spheres as ideology, philosophy, construction, literature and military affairs.



"To have such a greatest man as General Kim Chong-il is a big pride of our Tangun nation."

The information from the South Cholla provincial committee under the front quotes a dismissed worker, Han Tae-kong, residing in Mokpo city, as saying to his colleagues:

"There is no such country in the world as the North that takes responsibility for and looks after the life of the people, as a householder.

"It is none other than the leader Kim Chong-il who pursues such genuine politics.

"He regards the popular masses as heaven.

"It is his political theory that one must pick a star from the sky if it is for the wellbeing of the popular masses.

"The North under the leadership of the leader Kim Chong-il is the beacon of hope for the people in the South and a symbol of the nation's prosperity and people's wellbeing."

The information from the South Chungchong provincial committee under the front quotes Hong Chong-in, residing in Chonan city, as saying to his villagers, who were in agony after suffering flood damage:

"The North, too, has suffered flood damage this time, but the flood sufferers were able to enjoy a stable life in a few days thanks to the people-first policy of General Kim Chong-il.

"In the process of studying the politics of the North through some channels in recent few years, I could keenly feel that the politics of the North is, indeed, a genuine people-first politics with 'believing in the people as in heaven' as its mission. The leader Kim Chong-il is the supreme incarnation of the people-first politics and the sun of hope for the people in the South."

#### **Daily Opposes Japan's Security Council Bid**

SK0310122495 *Pyongyang KCNA in English*  
1052 GMT 3 Oct 95

["NODONG SINMUN on Japan's Move for Political Power and Its Danger" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 3 (KCNA) — NODONG SINMUN today comes out with an article titled "Japan's Move for Political Power and its Danger."

The author of the article says:

To be a political power is Japan's state policy and strategic objective to realise its big power chauvinism.

It was not until the 1990s after the end of the Cold War that Japan's political power program began to be promoted in real earnest as a state policy.

The main objective of this program is to become a permanent member of the U.N. Security Council. This is the focus of Japan's diplomatic activities.

The Japanese authorities think that if Japan becomes a permanent member, it can act as a recognised political power and dispose of political affairs of the world in favor of its own interests and strategic objective.

Japan's interests and strategic objective mean strengthening Japan's concessions overseas, creating international climate and conditions for its overseas aggrandizement and establishing political and military domination and control over major areas abundant in natural resources and military strategic points.

The Japanese authorities plan to use the position of permanent member of the U.N. Security Council for this purpose.

It is very dangerous for Japan to become a political power.

Because it may hinder the international tendency toward detente and peace.

Modern Japanese militarism intends to realise its shameless ambition, which the old empire could not realise, by force of military strength under the signboard of a political power.

The Japanese reactionaries, who have already been prepared for military reinvasion, are seeking a legitimate excuse for overseas aggression. Their effort to be a permanent member is for this purpose.

If Japan is allowed to be a political power, it may complicate the international relations and the settlement of international affairs.

Japan wants to be a permanent member that can exercise a veto, in a bid to enjoy privileges in the political arena of the world.

Not a permanent member, Japan is boasting of "financial contribution to the United Nations" and of its economic potential. It is self-evident that if Japan becomes a permanent member with veto power, it will act arrogantly and high-handedly and try to gratify its political ambition, wielding the "sword" of veto power at random.

In a nutshell, Japan's political power program may have a considerably negative effect on democratization of the international relations and the international community and on world peace and security.



The Japanese authorities must admit their past crimes, apologize and compensate for them and give up their military and nuclear power scheme before wanting Japan to be a political power.

**Christian Federation Group Leaves for Japan**

*SK0310223695 Pyongyang KCNA in English*

*1521 GMT 3 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 3 (KCNA) — A delegation of the Korean Christian Federation led by chairman of its Central Committee Kang Yong-sop left here today by air for Japan.

**Iranian Officials Attend 'Friendship Gathering'**

*SK0310110795 Pyongyang KCNA in English*

*1036 GMT 3 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 3 (KCNA) — A friendship gathering with officials of the Iranian Embassy was held at the Taegwon-to Palace in Pyongyang on Monday.

The gathering was attended by Chairman of the Korean Taegwon-to Committee Yu Kwan-chin and officials concerned.

Invited there were Iranian Ambassador to Korea Seyyed Morteza Mirheydari and embassy officials.

The participants appreciated an exhibition performance of the Taegwon-to instructors and players and had conversations, deepening the feelings of friendship.

**Spokesman on Palestinian Self-Rule Accord**

*SK0310113595 Pyongyang KCNA in English*

*1124 GMT 3 Oct 95*

["Spokesman of Ministry of Foreign Affairs on Accord Extending Palestinian Self-Rule" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 3 (KCNA) — A spokesman of the Ministry of Foreign Affairs of the Democratic People's Republic of Korea on October 3 gave an answer to the question raised by a KCNA reporter on the accord extending Palestinian self-rule which was signed a few days ago.

The spokesman said:

As already reported an accord extending Palestinian self-rule was signed between Palestine and Israel in Washington on September 28. If it becomes a foundation for the final solution to the Palestinian question it will be a good thing.

The question of the Mideast should be settled in the interests of the Arab people according to the U.N. resolutions. In order to achieve fair and universal

peace in this area the right of the Palestinian people to found their state should be restored and Israel should unconditionally withdraw from all areas of its occupation including Golan Heights in Syria and southern Lebanon.

The Korean people will invariably support the struggle of the Arab people for the solution to the question of the Mideast in the future, too.

**Libyan Group Visits Kumsusan Memorial Palace**

*SK0410062995 Pyongyang KCNA in English*

*0416 GMT 4 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 4 (KCNA) — A delegation of the great Socialist People's Libyan Arab Jamahiriya led by Muftah M. Kuaiba [name as received], marine wealth secretary of the General People's Committee of Libya, visited Kumsusan Memorial Palace where the great leader President Kim Il-song is laid in state on Tuesday, to pay homage to him.

The head of the delegation wrote in the visitor's book as follows:

I had honour to be received in audience by the great leader President Kim Il-song a few years ago. And, I was moved to see him being preserved in eternal state.

President Kim Il-song was an intimate friend of Mu'ammarr al-Qadhdhafi. The two men laid the foundation of solid friendship and solidarity between the two countries.

I, in the name of the leader of the Libyan people, Mu'ammarr al-Qadhdhafi, pay high respects in humble reverence to respected President Kim Il-song who fathered the great Korean nation.

**Thai Social Science Association Group Departs**

*SK0410084995 Pyongyang Korean Central*

*Broadcasting Network in Korean 1300 GMT 1 Oct 95*

[FBIS Translated Text] The delegation of the Thai Social Science Research Association led by Chairman Ratchaniwan Phetchaprut, returned home by plane on 30 September.

Kim Tuk-su, vice president of the Chuche Idea Academy, was on hand to see the delegation off at the airport.



**Article Says Kim Chong-il Fostering Air Force***SK0310105495 Pyongyang MINJU CHOSON  
in Korean 20 Aug 95 p 3*

[Article by reporter Kim Kwang-ho: "The Air Force Has Been Fostered Under the Care by the Great Sagacious Commander — On the Occasion of Air Force Day"]

[FBIS Translated Text] Today is Air Force Day.

Our Air Force, which declared its birth on 20 August 1947 with the organization of an air corps for the first time in our nation's history, now marks the 48th anniversary of its founding.

The birth of the Air Force was a precious gain obtained thanks to the wise leadership and tireless and sleepless efforts of the great leader Comrade Kim Il-song. He realized the need for building the Air Force more keenly than any others during his busy days of leading the construction of a new fatherland after the nation's liberation.

The great leader Comrade Kim Il-song taught:

It is very important in strengthening overall forces of our People's Army to strengthen the Air Force militarily, technologically, politically and ideologically.

Without the wise leadership of the great leader Comrade Kim Il-song and of the respected General Kim Chong-il, we cannot think of our Air Force which has grown into the one-a-match-for-100 combat rank capable of smashing and sweeping out at a stroke any surprise attack by the imperialist aggressors.

After national liberation, the great leader [suryongnim] put forward the policy of building the modern Air Force with our own strength, and saw to it that the aviation department be established in the Pyongyang Academy [pyongyang hagwon] to foster on a large scale the kernel cores of our Air Force which was to be born soon. By personally visiting the airfields and training organizations, the great leader elucidated the direction and method for our Air Force Corps to advance.

During the fatherland liberation war period, the great leader led our young Air Force and enabled it to crush the enemies, who were superior in terms of number and technology, with political, ideological, strategic and tactical superiority. Thus, the great leader gave merciless punishment to the aerial rebels, whom the enemies trusted and boasted as the "emperor" of the air. Even during the difficult period of the postwar rehabilitation work and construction of a foundation of socialism with our belt tightly tied, the great leader provided all necessary conditions to improve the Air Force's arms and equipment.

The respected General Kim Chong-il paid deep attention to strengthening and developing the Air force from an early date. Thanks to his refined leadership, the countenance of our Air Force has been renewed.

The respected general put forward a profound idea to foster our People's Air force into a powerful branch of chuche-based revolutionary Armed Forces and into a mighty air corps that will display its commanding appearance to the entire world. He made all efforts to realize this idea.

The respected general set forth the issue of winning the air supremacy as the primary task in building the Air Force in order to firmly ensure the military superiority in the air and to prevent the air rebels of the imperialist aggressors from invading and freely running wild in the air. By personally visiting a number of Air Force units, the respected general gave programmatic teachings that will serve as a guideline for strengthening the Air Force, and warmly looked after the life of pilots, as their real father.

The respected General Kim Chong-il's energetic leadership to foster the pilots into one-a-match-for-a-100 fighters, who are prepared politically, ideologically, militarily, and technologically, as well as programmatic guidelines he gave to the pilots pertaining to combat preparation by getting knee to knee with them for a long time under the sweltering heat, have many impressive, heart-warming episodes.

The respected general, visiting a certain airfield one day in the hot summer 30 years ago, had informal candid talks with pilots. Saying that the one with firm ideological determination has nothing to be afraid of and that there is nothing that one cannot accomplish, the respected general emphasized that what is important in combat preparations is to firmly prepare the pilots politically and ideologically.

The respected general familiarized himself with the training status of pilots, and said that aviation training should be conducted in compliance with our country's practical situation. Thus, he presented a new training method.

The respected general emphasized the piloting technology for making oneself familiar with the complex operation of an aircraft. He presented a new training method corresponding to our country's geographical condition. All this was a solemn declaration of the establishment of chuche in training by breaking up dogmatic formality.

The respected general frequently visited airfields, being apprehensive of pilots who trained even under bad weather, and guided the pilots' landing training by



personally seizing a commanding microphone. He even got on the airplane often with the pilots.

The respected general visited training institutes and saw to it that a new pilot training system be established and the content of training be improved in compliance with the demand of the developing reality in which the shift of revolutionary generations has been realized. Hearing the report about a family of six father-son pilots and a family of three father-son pilots, the respected general was pleased more than any others, and personally met and encouraged them. He also saw to it that more young pilots be fostered from families of pilots. Thus, the respected general directed his energy and efforts to strengthening the Air Force and to fostering the pilots, who are the masters of the Air Force.

Without the respected general's energetic and prudent leadership, we cannot think that our Air Force could reach a lofty standard of modernization.

The respected general believed that the introduction of the latest outcome of science and technology developments in compliance with our own condition and constant improvement of the Air Force equipment in conformity with the demand of modern warfare are the essential demand for strengthening the Air Force. Despite the nation's strained funds situation, the respected general directed with priority the required funds to raise our Air Force onto a lofty peak of modernization.

The respected general paid keen attention not only to airplanes that our Air Force possesses and their equipment but also to small parts of aircraft.

Indeed, thanks to the respected General Kim Chong-il's wise leadership and warm care, our pilots have been fostered into the aerial guards and death-defying unit members who cherish firm, iron-clad revolutionary faith to share their destinies with the general to the end under any adverse situation, loudly shouting "Long live General Kim Chong-il!" They grew to be the aerial stronghold defenders who reliably defend the territorial air of the socialist fatherland. In addition, the overall Air Force units have been fostered into invincible combat ranks capable of sweeping out the enemy by always firmly grasping air supremacy in the fight with the enemy.

Together with our overall revolutionary Armed Forces being strengthened and developed, our proud Air Force has been fostered into an indomitable military service branch. As long as we have such an invincible Air force, the blue skies of our fatherland will remain an impregnable fortress.

#### **Kim Chong-il Sends Thanks on Project Completion**

*SK0310053495 Pyongyang KCNA in English  
0452 GMT 3 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 3 (KCNA) — The Songjung Mine and the Nakwon Exports Fishery Station were commissioned and electrified. Kuhyon-Inpo Railway Line was open to traffic on the threshold of the 50th anniversary of the Workers' Party of Korea.

The Songjung Mine is a non-ferrous metal ore producer with several pits, ore dropping chutes, electric car lines, a crushing plant, a dressing plant, a smelting plant and a tailings ground.

The Nakwon Exports Fishery Station has been built into a modern fishery base equipped with processing and storing facilities and welfare facilities.

With the completion of the electrification of the Kuhyon-Inpo Railways, a unified transport system by electric locomotives has been completed in Pukchang area, South Pyongan Province and transport capacity increased 2.4 times over what was before.

The great leader Comrade Kim Chong-il sent thanks to builders and units that performed feats in the projects.

Ceremonies for commissioning took place on the spot.

#### **Monument Marks Kim Chong-il's Guidance**

*SK0410053195 Pyongyang KCNA in English  
0413 GMT 4 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 4 (KCNA) — A monument to on-the-spot guidance of the great leader Comrade Kim Chong-il was unveiled at the Pyongbuk Smeltery on the threshold of the 50th anniversary of the Workers' Party of Korea.

Even before recovering from the fatigue of his on-the-spot-guidance, the great leader Comrade Kim Chong-il called at the Pyongbuk Smeltery on October 23, 1984 to brightly indicate the road ahead of the smeltery and, afterwards, he looked after the production of the smeltery and the life of the workers.

The monument, erected in high praise of the immortal leadership exploits of Comrade Kim Chong-il, is made of a large granite stone 10.7 metres long and 3.8 metres high.

A ceremony for unveiling the monument was held on the spot on October 3.



**Kim Chong-il Receives Message From Fidel Castro***SK0410053095 Pyongyang KCNA in English  
0422 GMT 4 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 4 (KCNA) — The great leader Comrade Kim Chong-il received a message of greetings from Fidel Castro Ruz, first secretary of the Central Committee of the Communist Party, president of the Council of State and president of the Council of Ministers of Cuba, on the occasion of the 50th anniversary of the Workers' Party of Korea [WPK].

The message dated October 2 said that the WPK achieved great successes as the vanguard of the Korean people in the struggle for repulsing the aggression of imperialists and defending the sovereignty and in the postwar rehabilitation and construction and has advanced with flying colours under the banner of the revolution, socialism and national independence under the difficult conditions in which the country has been artificially divided into two.

"I recalls [as received] Comrade Kim Il-song, an unforgettable man who is the founder and leader of the WPK, with deep reverence," the message said, and added that his whole life was the life of an outstanding leader who wisely guided the struggle of the Korean people for defending the sovereignty of the country and accomplishing the independent and peaceful reunification.

It expressed the belief that the WPK will continue to advance under the present complicated and difficult situation created before the revolutionaries.

**Film Show Marks WPK 50th Anniversary***SK0410054995 Pyongyang KCNA in English  
0432 GMT 4 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 4 (KCNA) — A ten-day film show was opened to celebrate the 50th anniversary of the Workers' Party of Korea.

Screened at all cinema houses, during the days, are documentaries, including "Great Life in 1994" and "They Always Worked Together for the People", which show the glorious and brilliant revolutionary history of the great leader President Kim Il-song who had devoted all his life to the strengthening and development of the Workers' Party of Korea, the prosperity of the fatherland and the cause of global independence as well as the brilliant revolutionary activities of the great leader Comrade Kim Chong-il who has led the Workers' Party and the people of Korea to victory.

Put on the screen is the documentary "The Great Leader Comrade Kim Il-song Will Be Immortal" (parts 1-6)

which shows on a great epical canvas the days when the Korean people were bidding their last farewell to the great leader President Kim Il-song in tears of blood at the sudden loss of him and the grandiose looks of the Korean people who rose up, determined to carry to accomplishment the revolutionary cause of *chuche*, firmly rallied behind Comrade Kim Chong-il, holding President Kim Il-song in high esteem as the eternal sun of *chuche*.

The film show will also include feature films such as "Star of Korea", "The Sun of the Nation", "Guarantee", and serials of "The Nation and Destiny", which splendidly portray the greatness and wise leadership of the fatherly leader President Kim Il-song and our party.

A national opening ceremony of the ten-day film show was held at the People's Palace of Culture on Tuesday.

Opening ceremonies of film show took place in all provinces.

**More Historical Materials Displayed at Museum***SK0210120695 Pyongyang KCNA in English  
1024 GMT 2 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 2 (KCNA) — More revolutionary historical materials on the party foundation led by the great leader President Kim Il-song have been exhibited from a new angle in the six rooms of the party founding museum on the threshold of the 50th anniversary of the Workers' Party of Korea.

The museum is located at the South foot of Mt. Haebang in central district, Pyongyang.

It is at this place that President Kim Il-song convened a historic inaugural congress of the party and declared the foundation of the glorious party on Oct. 10, 1945.

On display in the second room are materials impressively showing the revolutionary activities of President Kim Il-song, who formed party organizations in local areas in conformity with the situation of Korea before setting up the party central guidance body and thus founded the party in a unique way.

Among the materials exhibited in the third room are a picture of President Kim Il-song, who directed the work of the historic inaugural congress of the party, minutes of the congress, a typewriter he sent to officials concerned in advance of the congress, and "Chongno", the organ of the party.

Exhibited in the fourth room are pictures including a photograph of President Kim Il-song, who was examining a draft resolution of the third enlarged executive



committee meeting of the party central organising committee, and his works and other materials.

Exhibited in the fifth room are materials on the wise guidance of President Kim Il-song over a struggle to establish a national power organ with a view to uniting broad segments of people around the party, carry out the democratic reforms and build regular Armed Forces.

In the sixth room are a picture of President Kim Il-song, who was working out a great plan for the establishment of a unified party of the working masses, and materials on his guidance to carry it into a brilliant reality.

Exhibited from a new angle in the seventh room are more materials on the leadership of President Kim Il-song, who put it forward as a primary task for the building of a mass party to achieve the qualitative consolidation of the party, at the second party congress and his wise guidance over the work to carry it into practice.

The revolutionary historical materials are a valuable wealth of the Workers' Party of Korea and the revolution to convey to posterity the undying feats of President Kim Il-song, who succeeded in the building of a revolutionary party of *chuche* type.

**Memorial Marks Anniversary of King's 'Accession'**  
*SK0310224595 Pyongyang KCNA in English*  
1525 GMT 3 Oct 95

[FBIS Transcribed Text] Pyongyang, October 3 (KCNA) — A memorial service was held at the tomb of King Tangun located on the outskirts of Pyongyang on October 3, the anniversary of King Tangun's accession.

Present on the occasion were chairwoman of the Central Committee of the Chondoist Chongu Party Yu Mi-yong, Chondoists and people from all walks of life in the northern half of Korea.

Also present there was Yi Yong-pin, chairman of the Council of Christian Overseas for Nation Unification.

The memorial service took place together with religious ceremonies of Chondoism and Taejonggyo of Tangun and sacred rites handed down from forefathers.

Kang Chol-ung, vice-chairman of the Central Guidance Committee of the Korean Chondoist Association, in a memorial address said that Tangun, the ancestral father of the Korean nation, was born in Pyongyang area more than 5,000 years ago, built ancient Korea and developed it into a great power.

He said that broad segments of people in the North, the South and abroad should cherish deeper the pride and honor of having been a homogeneous nation with

Tangun as the ancestral father in five thousand years and reunify the country with the great unity of the whole nation.

Then representatives of religionists and people from all walks of life and Rev. Yi Yong-pin poured wine.

**Public Security Symposium Marks WPK Founding**  
*SK0410051895 Pyongyang KCNA in English*  
0410 GMT 4 Oct 95

[FBIS Transcribed Text] Pyongyang, October 4 (KCNA) — A symposium was held by the Ministry of Public Security in Pyongyang on October 2 to celebrate the 50th anniversary of the Workers' Party of Korea [WPK].

Speakers referred to the undying revolutionary exploits performed by the great leader President Kim Il-song and the great leader Comrade Kim Chong-il, who founded the WPK and led it along the road of victory and glory and to the history of the WPK that has led and looked after the destiny of the people entirely on its own responsibility.

Speakers said that the supreme commander Comrade Kim Chong-il's guidance over the revolution and construction is a great one that guarantees inheritance and accomplishment of the *chuche* revolutionary cause. Respected General Kim Chong-il is the saviour of destiny, a pillar of life and an eternal symbol of victory, they stressed.

All the public security officials should bear in mind the love and trust of the respected supreme commander and discharge their mission as the party's political defenders, who are defending the cause of the WPK with credit, they added.

**Samchon Senior Middle School Renamed**  
*SK0410053595 Pyongyang KCNA in English*  
0425 GMT 4 Oct 95

[FBIS Transcribed Text] Pyongyang, October 4 (KCNA) — The Samchon Senior Middle School in Samchon County, South Hwanghae Province, was renamed Yim Hyong-sam Senior Middle School and his statue was erected in the compound.

Yim Hyong-sam, who was the chairman of the School Children's Union, encouraged the children's union members to a struggle against the enemies who set their foot in his native place in the period of the temporary strategic retreat of the People's Army in the last fatherland liberation war. After being arrested by the enemies he did not yield to tortures, appeasement and deception. The secret of the organisation was kept with him dying at the age of 13.



The great leader President Kim Il-song spoke highly of the deed of the young martyr. The great leader Comrade Kim Chong-il saw to it that his statue was erected at his alma mater and the school was named after Yim Hyong-sam.

The statue was unveiled with a due ceremony on October 3.

#### **'Grand' Monuments of Workers Party Era Viewed**

*SK0310123295 Pyongyang KCNA in English*

*1103 GMT 3 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 3 (KCNA) — The monument to party foundation, one of proud edifices of the Workers' Party era, has been built up splendidly in Pyongyang, the capital of the Democratic People's Republic of Korea.

The monument with an area of more than 250,000 square metres in Munsu Street along the scenic Taedong River was built by the Korean people on the occasion of the 50th anniversary of the Workers' Party of Korea [WPK] to glorify for all ages the immortal achievements and greatness of the respected leader President Kim Il-song and the dear leader Comrade Kim Chong-il who founded the WPK, the *chuche*-based revolutionary party, and has steadily strengthened and developed it.

The monument consists of a cylindric stylobate with its diameter of 70 metres, a ring-shape structure symbolic of the singlehearted unity of the leader, the party and the masses and three granite stone towers portraying a worker, a peasant and an intellectual holding high a hammer, a sickle and a brush.

The height of the hammer, sickle and brush and the diameter of the ring-shape structure are 50 metres each, which means to commemorate the 50th anniversary of the WPK.

Korea has many monuments exalting the Workers' Party era.

Built in the 60s were 46 metre-high Chollima statue symbolizing the heroic mettle of the Korean people dashing forward at a high speed in the socialist construction and the monument to the victorious battle of Pochonbo showing the glorious and brilliant course and imperishable exploits of the anti-Japanese armed struggle organized and led by President Kim Il-song.

Built in the 70s were such monuments with the theme of revolutionary traditions as the grand monument on Mansu Hill, the Wangjaesan grand monument and the Samjiyon grand monument.

In the centre of the grand monument on Mansu Hill, carrying the people's absolute trust in and minds of

burning loyalty to President Kim Il-song, a statue portraying the great virtues of the president stands and on either side of it are group sculptures in the form of flag — a monument to the anti-Japanese revolutionary struggle and a monument to the socialist revolution and socialist construction. Behind the president's statue there is a mural painting 70 metres long and 14 metres high, portraying Mt. Paektu. A holy mountain of revolution.

Monuments in the 80s are the tower of the *chuche* idea and the arch of triumph unveiled on the occasion of the 70th birth anniversary of President Kim Il-song (April 15, 1912).

The 170 metre-high tower is terraced with 70 steps meaning to mark the 70th birth anniversary of the president and consists of 25,500 granite pieces, the same number of the days of 70 years.

On the top of the tower, with the letters "*chuche*" on its front and back sides, there is a 20 metre-high torchlight symbolic of the immortal *chuche* idea founded by the president.

The arch of triumph 60 metres high and 50.1 metres wide, erected with 10,500 granite pieces, at a time-honoured site where President Kim Il-song made the first address before the people upon his triumphant return to the homeland after liberating the country by leading the arduous anti-Japanese revolutionary struggle to victory.

Built splendidly in the early 90s are the monument to the victorious fatherland liberation war, a heroic monument of the time, conveying to posterity the feats of the people and the servicemen of the People's Army of Korea in the heroic fight for the freedom and independence of the fatherland and the monument to the united front at a time-honoured site where a firm basis for grand national unity was established.

The grand monuments built under the energetic guidance of the great leader Comrade Kim Chong-il now serve as a powerful banner giving fresh strength and courage to the Korean people who are dynamically advancing to accomplish the revolutionary cause of *chuche*.



**Article Urges Establishment of Peace Agreement**

*SK0310035095 Pyongyang NODONG SINMUN  
in Korean 31 Aug 95 p 5*

[Article by Yi Hyon-to: "Guaranteeing Durable Peace Is a Prerequisite to the Confederal Method of Reunification"]

[FBIS Translated Text] Today, the entire fellow countrymen are rising up for the grand march toward reunification to open a momentous phase for reunification in the nineties, embracing the great happiness of having confirmed the reunification under a confederal system as the nation's common reunification formula at the historic grand national meeting held in Panmunjom on the occasion of the 50th anniversary of the national liberation. With this common method of reunification, our nation can now vigorously wage the grand march toward the establishment of a pannational reunified state with one goal and one intention.

One of the important questions arising in realizing a confederal method of reunification in the nineties under the actual conditions that the nation's common reunification formula has been fixed upon is alleviating tensions, guaranteeing durable peace on the Korean peninsula, and thus creating a peaceful environment for independent reunification.

The great leader Comrade Kim Il-song taught: "The primary problems in realizing the fatherland's independent and peaceful reunification are alleviating tensions, guaranteeing durable peace, and preparing favorable conditions for the peaceful reunification on the Korean peninsula."

The grand national meeting of the North, the South, and overseas parties and organizations unanimously acknowledged that alleviating tensions and guaranteeing durable peace on the Korean peninsula are a prerequisite to reunification through confederacy.

This is an extremely natural result.

Creating a peaceful atmosphere in our country is a precondition for the fatherland's independent and peaceful reunification. Under a tense situation, peace cannot be guaranteed without the alleviation of tensions, and the country's reunification can not be guaranteed without peace. The only ones that will be hurt should a war be unleashed in our country, are our fellow countrymen. Because we love peace, we should prevent the outbreak of a war in this land and because we want reunification, we should arrange a peaceful prerequisite to reunification by means of confederacy. This tells us that creating a peaceful atmosphere on the Korean peninsula is an essential course that we must pass through for the so-

lution of the question of reunifying the country through confederacy and is the most pressing task that must be solved for the country's reunification as well as for the fellow countrymen's well-being.

Huge armed forces, which cannot be found in any other part of the world, face each other along the Military Demarcation Line. With the South Korean puppets, the United States, which has approximately 40,000 U.S. soldiers and some 1,000 nuclear weapons deployed in South Korea, continues to cling to its anachronistic anti-Republic antagonistic policy which aims at gaining supremacy over our Republic with the force of arms. While continuously bringing in ultra-modern strategic equipment to South Korea on a large-scale, the warmongers have successively staged exercises for a war of northward invasion in the place of the Team Spirit exercises under various names and perpetrated grave military provocations in areas adjacent to the DMZ of the Military Demarcation Line every day. Their criminal maneuvers to break out a new war are bringing the situation on the Korean peninsula to the brink of dangerous war. Furthermore, we cannot disregard that, because of the U.S. side's irresponsible attitude, the Korean Armistice Agreement has become a scrap of paper which can no longer prevent any trivial contingency on the Korean peninsula. The unstable Armistice Agreement, which signifies the temporary suspension of the war, is little more than a mere name. This shows that peace on the Korean peninsula is in a dangerous situation.

To ensure peace on the Korean peninsula, the Armistice Agreement should be replaced by a peace agreement, a new peace mechanism should be established, and the nonaggression agreement signed by the North and the South should be implemented with sincerity.

Most of all, the outmoded Armistice Agreement must be replaced with a new peace agreement.

Today, under conditions in which a nonaggression agreement has been signed between the North and South and an agreed framework has been adopted and is being implemented between the United States and us, the replacement of the Armistice Agreement with a peace agreement rises as a matured question to guarantee peace on the Korean peninsula.

To replace the Armistice Agreement with a peace agreement, the United States, an actual signatory to the Armistice Agreement, should accede to the negotiations with the DPRK. However, the United States is assuming an insincere attitude, not living up to its responsibility for ensuring peace and security of the Korean peninsula. The United States is the party concerned in the conclusion of the Armistice Agreement and the one which



destroyed the armistice system, and the one that holds operational control of the Army in South Korea and has no reason to refuse the negotiations with us to replace the armistice system with a durable peace system.

If the United States truly has an intention to remove the confrontation and tensed situation and to ensure peace and security on the Korean peninsula, it should promptly accede to the negotiations with us and turn its attention to signing a new peace guaranteeing system.

The South Korean authorities, who are not a signatory to the Armistice Agreement and play the part of U.S. war servants with no actual power, have neither the qualification nor justification to meddle in the replacement of the outmoded armistice system with a new peace mechanism. As for them, what they all need to do is immediately stop all kinds of antinational, antipeace, and antireunification criminal acts committed against their fellow countrymen, such as antireunification confrontation commotions, arms buildup, and war exercises, and sincerely implement the declaration on nonaggression confirmed by the North and South before the nation.

Peace does not come of its own accord but should be won only through a nationwide struggle.

The situation on the Korean Peninsula calls on us to vigorously wage the anti-outside forces struggle for independence and the antiwar peace movement to reject outside forces' domination and interference; and to check and frustrate separatists' policy on depending on outside forces and their war commotions which are aimed at hindering the realization of reunification through means of confederacy at threatening peace on the Korean peninsula.

All Koreans at home and abroad should raise their voices calling for the replacement of the Armistice Agreement with a peace agreement, wage a vigorous nationwide struggle to materialize the North-South non-aggression declaration, and resolutely check and frustrate the reckless moves of the belligerent forces to catch fish in troubled waters through strained tension and war rackets.

If a peace agreement is signed and a new peace guaranteeing system is established between the United States and us by powerfully waging the pannational movement for peace in the North, the South, and overseas, durable peace will be solidly established on the Korean Peninsula and then favorable conditions to realize reunification through means of confederacy in the nineties will be prepared.

Our fellow countrymen's will to create a favorable phase for the country's durable peace and peaceful reunification by removing acute military confrontation

between the North and South and stopping the danger of a new war with the united strength of the nation is firm.

No one in the world can block our nation's grandeur march toward reunification which consists of establishing a peaceful reunified state through means of confederacy without war.

### **Daily Calls Chuche 'Guiding Idea' of WPK**

*SK0310111695 Pyongyang KCNA in English  
1044 GMT 3 Oct 95*

["Chuche Idea, WPK's Eternal Guiding Idea" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 3 (KCNA) — The chuche idea is the eternal guiding idea of the Workers' Party of Korea (WPK), says NODONG SINMUN in an article today.

The guiding idea of the WPK was provided successfully when the great leader President Kim Il-song founded the immortal chuche idea so that the party began striking its historical roots, the author of the article says, and continues:

The chuche idea gives a revolutionary world outlook centred on man and is a revolutionary doctrine for the independence of the popular masses.

It was the great chuche idea that gave a rebirth to the Korean people, who had been deprived of their country by the Japanese imperialists until half a century ago.

Guided by the chuche idea, the Korean people have become an independent people and the Korean revolution has triumphantly advanced along the straight road of independence.

The chuche idea has won the hearts of the world's revolutionary people. Following the idea has become an irresistible trend of the time.

The WPK has paved the most correct way of revolutionary party building in the era of independence and steadfastly defended the banner of revolution without slightest vacillation at a time when others have been suffering turns and twists. This is because it has conducted party building and party activities, guided by the chuche idea.

The WPK has taken the revolutionary idea of the leader, its founder, invariably as its monolithic guiding idea though he passed away. For this, we can say that the WPK is the most revolutionary party which always remains faithful to the leader and his cause.

The WPK can fully demonstrate its dignity and honor as a chuche-type revolutionary party with the chuche idea



founded by President Kim Il-song as its eternal guiding idea because it is headed by respected Comrade Kim Chong-il.

Comrade Kim Chong-il is the great leader unfailingly loyal to the revolutionary idea and cause of Comrade Kim Il-song.

In recent years alone, he authored many famous works including "Socialism Is a Science" and "Giving Priority to Ideological Work Is Essential for Accomplishing Socialism" to keep the *chuche* idea pure and effect a fresh turn in the education of the party members and other working people in the *chuche* idea.

Under his leadership, the WPK has based the party building and party activities on the *chuche* idea and convincingly guided the revolution and construction with the *chuche* idea as the only guideline.

Victory and glory are in store for the WPK, which is vigorously advancing under the revolutionary banner of the *chuche* idea, the banner of invincibility.

#### **Reports on People Advancing to Farms, Mines**

SK0310074495

[FBIS Editorial Report] Pyongyang Korean Central Television Network in Korean and Pyongyang Korean Central Broadcasting Network in Korean carry the following three reports on people voluntarily advancing to farms and mines.

Pyongyang Korean Central Television Network in Korean at 1100 GMT on 28 September carries a three-minute report on "14 graduates of the Kang Pan-sok Bereaved Families' University including Pak Song-sil, Kim Un-ok, Kang Kum-suk, Kim Son-ae, voluntarily advancing to various farms and the Kaechon District mining complex embraced with the warm determination to uphold our party with more productive results from the difficult and hard sectors." The report then introduces the graduates who are voluntarily advancing to farms and mines, and the graduates talk about their determination to do so, how they will exert all their efforts in their work, and uphold Kim Chong-il.

Pyongyang Korean Central Television Network in Korean at 1100 GMT on 28 September carries a one-minute report on "Comrade Hong-Yong-il, former worker of the Samsok clothing plant at Pyongyang's Samsok District, voluntarily advancing to the 26 August mine embraced with the determination to uphold our party through more coal production by highly upholding the party's intention to all the more increase coal production." The report states that he resolved to advance to the mine with his wife and that employees of the plant bid Hong Yong-il and his wife farewell.

Pyongyang Korean Central Broadcasting Network in Korean at 1200 GMT on 28 September carries a two-minute report on "Comrade Kim Chong-il, the great leader [*yongdoja*] of our party and our people, sending thanks to Kim Song-man, chief engineer of the branch factory at a plant where Comrade So Myong-kwan works, and his family, and families of his four children, who resolved to advance to a socialist farm." The report says Kim Song-man resolved to advance to the farm when he received news on the opening of the Kumsusan Memorial Palace where Kim Il-song is laid in state, and thus was not able to refrain from admiration for Comrade Kim Chong-il. The report adds that a meeting to deliver "the great leader [*yongdoja*] Comrade Kim Chong-il's thanks was held on 27 September at the plant." The report ends by saying that discussions were held and a letter of pledge to Kim Chong-il was adopted.

#### **South Korea**

##### **U.S. Interpretations of Auto Pact 'Political'**

SK0410092695 Seoul KYONGHYANG SINMUN  
in Korean 1 Oct 95 p 5

[Article by Pak In-kyu from Washington]

[FBIS Translated Text] The ROK and the United States are already in disagreement on implementation of the agreement reached at the car market negotiations concluded on 28 September.

The United States is raising the issue of quantitative goals, which were not mentioned in the agreement, and threatening to take the matter to the World Trade Organization (WTO) if the ROK does not show significant progress in opening the auto market by 1 June 1996.

Through a statement issued after the agreement was reached on ROK-U.S. auto talks, the U.S. Trade Representative stated: "Representative Mickey Kantor asked the ROK to submit by 1 June 1996 an assessment on the effect of the agreement on the opening of the ROK car market. The United States will pay close attention to the qualitative and quantitative standards stipulated in the agreement, and consider taking this matter to the WTO."

Representative Kantor used a more direct expression during an interview with THE WALL STREET JOURNAL on 29 September. He said that unless the ROK shows significant progress, the United States will seek action by the WTO.

What Kantor said at a symposium organized by BUSINESS WEEK on 28 September shows the U.S. intention behind the agreement.



He said: "The ROK promised clear and concrete implementation. The agreement includes qualitative and quantitative goals (for market opening) and the United States will be able to inspect and demand (implementation)."

He added that the words "quantitative goal," "inspect," and "demand implementation" are in the agreement signed with Japan as well.

According to THE WALL STREET JOURNAL report, Representative Kantor avoided estimating how much U.S. car exports to the ROK might grow under the agreement, but hinted at the U.S. goal by saying that a 5 percent market share represents 55,000 automobiles (\$1 billion).

However, the ROK's position is that the U.S. assertion is an arbitrary interpretation of the agreement.

Han Yong-su, chief ROK delegate and trade evaluation officer, said at a news briefing after settlement of the auto talks that the ROK has a different situation from that of Japan and that the quantitative goal does not concern the ROK.

Regarding implementation of the agreement, chief delegate Han said that "the two countries will continue talks for sincere implementation of the agreement" is all that was stipulated in the agreement.

Taking as an example the fact that the U.S. and Japanese delegates had different interpretations of the U.S.-Japan auto agreement, ROK officials explained that the U.S. assertion was an interpretation for domestic political use. The United States asserts that the evaluation on the ROK's market opening was agreed upon in the framework part of the agreement and that the criteria of the evaluation include the quantity and value of the total number of imported cars.

The United States also said that the ROK and the United States have agreed to continue talks on the ROK's tax policy. It appears that the United States will ask for additional opening, citing such provisions.

#### **U.S. Military Truck Reportedly Kills Officer**

SK0410022795 Seoul THE KOREA TIMES in English  
4 Oct 95 p 3

[FBIS Transcribed Text] A Korean Army lieutenant colonel and a woman passenger were killed when the car they were riding in was struck by a U.S. military vehicle in Uijongbu Monday night.

Police identified the victims as Lt. Col. Hwang Tok-ki, 43, from the 305th Reserve Force Regiment, Fifth Corps, and Ms. Won Yong-suk, 29, of Uijongbu.

Police, on the basis of their investigation and eyewitnesses' statement, said that the U.S. military truck from Camp Stanley was speeding and could not stop in time for a red light when it hit Hwang's Excel sedan at an intersection in Kumo-tong, Uijongbu at about 11:40 p.m.

The truck crossed the median in a bid to avoid hitting a vehicle making a left turn and crashed into Hwang's car which was waiting for the light to change at the intersection, police said.

A USFK [U.S. Forces Korea] news release said that the "initial investigation indicated that a heavy expanded mobility tactical truck from Camp Stanley was unable to stop at an intersection and struck the Korean officer's car, killing the two occupants."

"A joint investigation between the Korean police and Camp Casey Provost Marshal Office and Criminal Investigation Division will investigate the cause of the accident," it said.

It also said that there were no injuries to the passengers of the U.S. military truck.

Police turned over the truck driver, identified as Corporal James, 23, to the U.S. military police.

In the meantime, a Korean Augmentee to the U.S. Army (KATUSA) soldier was killed in a hit-and-run accident about 2:30 a.m. yesterday when he was struck by an unidentified vehicle near Yongsan Army Garrison's Gate 12, adjacent to Itaewon.

The KATUSA soldier, Song Sang-un, 21, assigned to Headquarters Company of the 8th Military Police Brigade, was taken to Chungang University Hospital by an unidentified individual according to investigators.

#### **North Said To Ask Top Officials To Return**

SK0410040295 Seoul CHOSON ILBO in Korean  
4 Oct 95 p 1

[Report by Kim Song-yong from Hong Kong]

[FBIS Translated Text] North Korea has been preparing grand functions for consolidating Kim Chong-il's position on 10 October on the 50th anniversary of the Workers Party's foundation, according to North Korean sources in Hong Kong on 3 October. The sources also said North Korea had referred to 10 October as the "greatest festive day," not a mere anniversary of the party's founding, asked chairman of Kim Chong-u, chairman of the Committee for the Promotion of External Economic Cooperation, and other high-ranking officials traveling overseas to return to Pyongyang by 5 October, at the latest, and temporarily banning all high-ranking party officials from leaving Pyongyang. They



also said North Korea had restricted issuance of visas to foreigners from late September to early October and banned all North Koreans from traveling overseas. They also said they believed these facts had something to do with the anniversary functions. They added it is still not certain whether Kim Chong-il will assume the presidency or the post of the general secretary of the party.

**Kim Pyong-il Denies 10 Oct Inauguration**

SK0410065095 Seoul TONG-A ILBO in Korean  
4 Oct 95 p 2

[Report by Kim Chang-hui from Helsinki]

[FBIS Translated Text] DPRK Ambassador to Finland Kim Pyong-il, saying that "I have not been notified," indirectly denied on 2 October the reports that Secretary Kim Chong-il will assume the post of general secretary of the Workers Party of Korea on the occasion of the anniversary of the party founding, which falls on 10 October.

During a meeting with reporters at a banquet arranged by the PRC Embassy in Helsinki on the occasion of the anniversary of the founding of the PRC, Ambassador Kim, younger brother of Secretary Kim Chong-il, said: "A grand ceremony will be held on the 50th anniversary of the founding of the party, but I have not been notified of his inauguration as general secretary."

Denying the possibility of the Kim Chong-il's inauguration as general secretary on 10 October, Ambassador Kim said that "it is certain that he will assume the post soon because the people want (him to be inaugurated as general secretary)." Also, he hinted that the inauguration ceremony will not be delayed indefinitely. When asked about exactly when the inauguration will be held, he said: "I have no idea."

Concerning the flood damage in July and August in North Korea, Ambassador Kim said that "we should restore the damaged areas as soon as possible to recover stability." This indicates that North Korea is now making all efforts to restore the flood damages.

Kim, along with his wife Mrs. Kim Sun-kum, attended the banquet held at the PRC Embassy and actively talked with foreign envoys, which was unprecedented.

**North Economic Situation After Floods 'Miserable'**

SK0410100295 Seoul CHOSON ILBO in Korean  
3 Oct 95 p 21

[Article by CHOSON ILBO's North Korea Team: "Miserable Economic Situation After the Floods"]

[FBIS Translated Text] It seems that the coming winter will be the longest and harshest season for North Korea.

Many observers point out that North Korea suffered its worst flood damage at a time when the North Korean economy had reached its limits and that as a result, it is now facing a serious crisis. How it passes this winter will very likely determine the future of the Kim Chong-il establishment.

A Korean compatriot overseas, who witnessed the recent North Korean flood when visiting there, said that "many North Koreans will freeze or starve to death," adding that "North Korea is now showing symptoms of being in its last-stages." An American scholar who went to North Korea recently as a member of a Rockefeller delegation says that "North Koreans often curled themselves up when they talked because they were hungry," adding that the "North Korean economic difficulties are worse than people outside the North think."

North Korea's crisis situation is like a chronic disease. Therefore, some people deny that North Korea faces a crisis, saying that "North Korea has always faced a crisis." However, the crisis is still a crisis even if it is a prolonged one.

Moreover, if this chronic disease does not improve but worsens, nobody knows when it will reach its limits.

A figure just came back after seeing the empty plains in the Najin-Sonbong region. It will cost \$15 billion for North Korea to build an infrastructure there. However, North Korea is not in a position to raise money. To import grain and other urgent needs, it seeks to obtain \$1 billion to \$1.5 billion by leasing land to foreign enterprises. However, not many enterprises are willing to open up shop in a wasteland. There is only one facsimile machine in the Najin-Sonbong region. One should instead fax messages overseas via Pyongyang. Downtown hotels had water supply for only one hour. There was no vigor in the "special economic zone." Many high-ranking DPRK party and government officials reportedly have said that they "have already lost managerial control."

A defector who formerly had ties with the North Korean leadership says that North Korea's grain stocks will be depleted by around December and that very many people will starve or freeze to death by January or February 1996. He also says that no one can rule out the possibility that people will riot to take away grain and that the military will fire on them. He also predicts that riots may erupt in coal mines and other areas where many people are living.

North Korea cannot afford to import grain due to its foreign exchange problem. The North Korean delegates to the light-water reactor talks in Kuala Lumpur asked the Korean Peninsula Energy Development Organization to



pay for their hotel bills and other expenses for the talks. And the North Korean delegates to the talks of North and South Korean authorities in Beijing reportedly have raised money in Beijing for the talks.

Masao Okonogi, professor of Keio University of Japan, says: "The Japanese Government and North Korea are holding talks to establish diplomatic relations. However, North Korea is talking only about rice." He also says that the "Japanese Government considers the North Korean situation to be very serious," adding: "I wonder whether the ROK Government has correctly perceived the situation."

There are different assessments on North Korean flood damage. The Agency for National Security Planning believes that North Korea has exaggerated the damage. Anyone will doubt the North Korean announcement that there were 5.2 million victims and that it suffered damage amounting to \$15 billion. A high-ranking National Unification Ministry official says that "the operational rate of factories in North Korea is only 30 to 40 percent of ordinary levels." This being the case, under a situation in which bridges are broken, roads are destroyed, and oil is in short supply, the status of North Korean industry must indeed be beyond description." He also says: "It has been confirmed that the supply of water and electricity to large cities, including Sinuiju and Hamhung, has been suspended for a long time." Kim Un-kun, chief of the North Korea Team of the Korea Rural Economic Institute, says that the floods will reduce North Korea's grain production by approximately two million tonnes, a third of the total annual demand.

Kuroda, chief of the Seoul Bureau of SANKEI SHIMBUN of Japan, says that "Kim Chong-il's crisis has come earlier, due to the flood." He also says: "In North Korea, which is like a dynasty, people say that the continued starvation and the worst flood in 100 years have come 'because Kim Chong-il lacks virtue' and that those disasters would not have come 'if Kim Il-song had been alive.'"

A ROK Government official says: "We must ponder the fact that Kim Chong-il faces no challenge from the power elites." He also says: North Korea is like a theocracy. Therefore, the more serious the crisis North Korea faces, the more strongly it will unite around Kim Chong-il. He also points out that the Kim Chong-il regime's stability is not necessarily the same thing as the stability of North Korea. To escape from the crisis, North Korea has positively requested that the international community provide assistance and make every effort to attract investment to the Najin-Sonbong region. When the winter is over, North Korea will seek to open itself up and make a momentous change or face

a serious disturbance. It behooves us during the coming North Korean winter to closely observe and fine-tune our policy toward North Korea.

#### **Defector Says Flood May Lead To Collapse**

*SK1809011295 Seoul Chollian Database in Korean  
16 Sep 95*

[Corrected version of sk1609084395 from 16 Sep CHO-SON ILBO; rectifying processing indicator]

[FBIS Translated Text] Mr. Kang Myong-to [son-in-law of DPRK Premier Kang Song-san] who defected to the ROK in 1993 said on 16 September that "because of the enormous flood disaster, North Korea is now in a serious state, and it cannot be ruled out that this may lead to the collapse of its system."

Mr. Kang attended a lecture meeting arranged on the morning of 16 September by Tonghwa Research Institute, an organization affiliated with the Association of Former Residents of Five Provinces in North Korea (President Kim Kwang-taek). In the lecture, he emphatically pointed out that "North Korea is heading for a collapse due to political instability and economic difficulties, including food shortages that have been deepened since Kim Il-song's death, and due to its international isolation."

In particular, regarding economic difficulties in North Korea, he said that in addition to a lack of food, 80 percent of plant facilities are old and worn-out. But North Korea is engrossed only with an arms buildup, instead of making reinvestments to promote its productive capacity. As a result, it is now in a very serious state which will never be restored and rectified."

He stressed that "Kim Chong-il has a deposit of secret money in a Swiss bank amounting to \$2 billion. If the economy were to be restored, Kim Chong-il would have invested his secret money in the economy before expecting economic cooperation from the Western countries."

#### **North Active in Efforts To Induce Investment**

*SK0410070695 Seoul TONG-A ILBO in Korean  
4 Oct 95 p 2*

[FBIS Translated Text] This year, North Korea is actively making efforts to attract foreign investment to overcome its economic difficulties. For this end, it has further accelerated the economic opening by announcing the revision of the legal system for the foreign investment, as well as by disclosing its intention to establish a banking center, stock exchanges, and stock markets.

According to the "Recent North Korean Economic Situations" analysis by relevant authorities on 3 October,



North Korea held seminars in Hamburg and Hanover in March regarding foreign investment in North Korea and, also, held brief sessions in Beijing between 22 and 25 September to invite investment from approximately 300 domestic companies in the Najin-Sonbong Free Trade Zone. On 24-29 September, North Korea sent a delegation to the United Kingdom to invite its investment. As of last month, North Korea conducted many activities, on 20 occasions, to invite foreign investment in the major countries throughout the world.

In addition, North Korea will send a large-sized delegation to an international forum on the investment in the Tumen river area, which is scheduled to be held in Yanbian from 10 to 15 October, and ask businessmen participating in the forum to visit North Korea, including the Najin-Sonbong area. The major countries North Korea has asked for investment this year are the United Kingdom, Germany, Switzerland, France, the PRC, Taiwan, and Japan.

In 11 years after the joint venture law was announced in 1984, North Korea announced last month the revision or establishment of the relevant law necessary for the foreign investment — such as the External Economic Contract Law, the Environmental Protection Law, and the Foreign Investment Banking Enforcement Regulations — thus largely improving the foreign investment environment.

**Foreign Minister on Alleged Kidnapping of Pastor**  
*SK0410042895 Seoul YONHAP in English*  
*0222 GMT 4 Oct 95*

[FBIS Transcribed Text] New York, Oct. 3 (YONHAP) — South Korea may bring the case of Pastor An Sung-un, allegedly abducted and brought to North Korea, to the United Nations High Commissioner for Human Rights (UNHCHR) in order to gain the attention of the international community, Foreign Minister Kong Nomyong said Tuesday.

Meeting reporters at the United Nations, Kong said that he will also take the issue of the Usong 86's crew, also forcibly taken to the North, to the international human rights organization.

South Korea wants the alleged kidnapping case of Pastor An to be solved under the international standards of the UNHCHR in consideration of the fact that Pastor An appeared on a North Korean broadcast to stress that he voluntarily went to the North, permanent representative to the United Nations Pak Su-kil said.

Foreign Minister Kong said that the South Korean Government is preparing for the possibility that North Korea will present a resolution adopting a peace treaty on

the Korean peninsula during the Colombia Nonaligned Summit meeting.

Kong said that the North is proceeding with the adoption of the resolution for the nonaligned meeting, where South Korea does not have representation, in an effort to promote the North's scheme to sign a peace mechanism for the Korean peninsula with the United States.

He, however, said that "many nonaligned countries, member states of the association of Southeast Asian Nations (ASEAN) and even China, object to the North's proposal."

The Foreign Ministry, therefore, is consulting with relevant countries on the content of the resolution which many expect will be adopted during the Colombia Nonaligned Summit, a Foreign Ministry official said.

On the controversy over the need to restructure government organizations which handle external negotiation on trade, Kong said, "the Foreign Ministry works as a window to foreign countries and does not represent special interest groups."

On reports that the Foreign Ministry intentionally delayed in informing delegates to recent automobile talks with the United States of the government's final instructions at one point, Kong insisted, "Common sense will tell you that kind of thing cannot take place and, on the contrary, the Foreign Ministry had secured information on the strategies of the United States in advance.

"We are investigating how such rumors were spread at Chongwadae [presidential offices]," Kong added.

Kong said that UN Secretary General Butros Butros-Ghali will visit Seoul next March, adding that the UN leader also plans to visit Pyongyang just before or after his visit to Seoul.

**Daewoo Official Attends Talks on Nampo Factory**  
*SK0310013695 Seoul THE KOREA TIMES in English*  
*3 Oct 95 p 8*

[FBIS Transcribed Text] The Daewoo Group has resumed preparation for the operation of its factory complex in Nampo in North Korea, seeing an end to a delay caused by inter-Korean frostiness.

Daewoo's managing director in charge of North Korean affairs Pak Chun left for Beijing in China Sept. 29. He is expected to meet with North Korean members of the Korea Samcholli Group, to discuss details of the construction of the factory center being undertaken by their joint venture.



The details will include the name of the new company, decisions on management personnel, production schedules and the setting up of necessary plants, according to a Daewoo spokesman.

Daewoo expects fruitful results at the working-level meeting in view of the fact that the project has been approved by the government and should not be affected by political relations between South and North Korea.

Daewoo is pushing ahead with the project cautiously, following directions from the Unification Ministry, they said.

"It is too early to expect all our problems to be solved at present as it is impossible to grasp the stance of the North," they said.

Daewoo dispatched 13 technical people on July 22 in a group led by director Sin Hong-chu with a view to operating the factories from September. But six of them including Sin returned home Aug. 31.

#### **EU Pressure Regarding Cars Noted After Talks**

SK0410034295 Seoul THE KOREA TIMES in English  
4 Oct 95 p 8

[Unattributed report: "EU Mounts Pressure on Korea Following End of Seoul-Washington Auto Talks"]

[FBIS Transcribed Text] The European Union is taking its turn in applying pressure on Korea for the further opening of the domestic automobile market following the conclusion of Seoul's talks with Washington late last week.

According to informed sources, the EU is demanding that the same concessions offered to American companies be made to European automakers as well and that greater measures be given.

Top EU authorities have allegedly threatened to look closely into the memorandum of understanding signed between Seoul and Washington to determine if the accord overly favors the United States.

In fact, Korea sources quoted EU officials as saying that they are not ruling out the possibility of taking the matter to the World Trade Organization (WTO) should Korea prove to be unaccommodating.

Under the agreement signed between Korea and the United States, Seoul is to cut excise taxes on cars with engines larger than 2,000cc and slash the progressive provincial tax that imposes heavy levies on large automobiles.

Some local experts, asked about the impact of the accord, said it certainly does favor American automakers

more than European manufacturers who have been concentrating more on small units.

"The provincial tax reduction will basically benefit cars with engine capacities of more than 2,500cc, meaning that European cars stand to lose some competitiveness," one local expert noted.

However, he said, it also allows room for European makers to move into the domestic market with larger more luxurious models for which it also has a strong competitive edge.

On the part of Korea, a senior official at the Ministry of Trade, Industry and Energy said the concessions made during the Seoul-Washington talks naturally apply to all importers.

"There was never any intention to offer preferential treatment to American companies. The accord was simply a reflection of our willingness to rectify parts of our system which may appear as flawed to outside parties," said the official, who asked not to be identified.

No matter what the situation is, the reality is that imports account for far less than 1 percent of the local market of some 1.2 million cars per year and more pressure is expected from leading automaking countries, industry observers said.

#### **Government To Import 50,000 Tons of Thai Rice**

SK0410082295 Seoul KYONGHYANG SINMUN  
in Korean 1 Oct 95 p 1

[FBIS Translated Text] As a result of settlement of the Uruguay Round negotiations, the government must import 50,000 tonnes of rice from a foreign country within the year. Therefore, it has decided to purchase rice from Thailand. During a meeting of senior secretaries chaired by President Kim Yong-sam at the Chongwadae [presidential offices] on 30 September, Choe Yang-chon, senior secretary for agriculture, forestry, and fisheries affairs, stated that "the government plans to import rice from Thailand, because the rice it had considered importing from India is not good."

#### **MOFE Ends Investment Approval Monopoly**

SK0410035495 Seoul THE KOREA TIMES in English  
4 Oct 95 p 9

[Report by staff reporter Yi Chang-sop]

[FBIS Transcribed Text] Starting tomorrow, foreigners will have to go to the relevant ministries, not the Ministry of Finance and Economy (MOFE), to get approval for investments in 43 industrial sectors.



The government yesterday decided to end the monopoly by the Ministry of Finance and Economy on foreign investment approval and to spread that authority to agencies in the appropriate area.

For example, foreigners wishing to invest in language and professional teaching institutes must contact the Ministry of Education to get approval. Non-Koreans seeking to open golf courses are required to apply to the Ministry of Culture and Sports.

The Ministry of Information and Communication will check foreigners wishing to provide wireless radio and telephone operating services. Foreigners seeking to provide cable TV services will need to approval of the Ministry of Information.

Foreigners will need the approval of the Ministry of Agriculture, Forestry and Fisheries to invest in primary industry. The MOFE will be in charge of issuing licenses only to foreign investors in financial services, an MOFE official said.

He said that the ministry is divesting itself of its foreign direct investment screening rights to facilitate foreign investment here. It is transferring part of its business to end criticism that it is in control of everything as the "super ministry" in the Cabinet.

Individual government agencies, not the Ministry of Finance and Economy, will also be involved in post-investment supervision of foreign direct investment, especially when foreign investors enjoy tax exemption and reductions.

However, foreigners will continue not to need to seek approval from the government in 998 "liberalized" industrial sectors, only having to report their business activities to the head offices of domestic banks and branches of foreign banks here.

The MOFE is also transferring to the Ministry of Trade, Industry and Energy the authority to operate the comprehensive assistance center for foreign investors which is located at the Seoul head office of the state-run Industrial Bank of Korea.

Thus, the Ministry of Trade, Industry and Energy will be in charge of providing investment information and consulting to foreign investors as well as handling foreigners' business complaints here.

The ministry, together with the state-run Korea Trade & Investment Promotion Agency, will kick off a systematic and organized campaign to actively invite foreigners to invest here, according to the MOFE.

#### **Prime Minister Speaks at Foundation Day Ceremony**

*SK0310020195 Seoul YONHAP in English*  
*0150 GMT 3 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 3 (YONHAP) — The 4327 anniversary of Korea's National Foundation Day, or Tangun's Accession Day, was held Tuesday at the Sejong Cultural Center in downtown Seoul and attended by some 4,000 people from various walks of life, including Prime Minister Yi Hong-ku.

In his congratulatory message, Prime Minister Yi said this year's celebration is much more meaningful since it marks the 50th anniversary of the country's liberation from Japanese colonial rule in 1945.

"It is a historic imperative that we construct a single national community in which the two Koreas eliminate their mutual disbeliefs and antagonisms and unite as one, unifying for our future generations," Yi stressed.

The prime minister called for North Korea to significantly change its attitudes so as to achieve inter-Korean reconciliation and cooperation by recognizing the changing times and creating together a foundation for national coexistence and prosperity.

"The globalization drive we are now pursuing represents the nation's determination to do away with old practices, seeking a new, reborn nation," urged Yi.

He added that the country should play a leading role in developing peace, prosperity and human civilization in the coming century by promoting the country's growth and development by helping democracy take root and by creating a nation of culture.

Such aims are in line with the founding father's, Tangun's, ideals, devotion to the welfare of mankind, Yi said.

#### **'Conservatism Debate' Escalates to 'Mud-Slinging'**

*SK0410043995 Seoul YONHAP in English*  
*0304 GMT 4 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 4 (YONHAP) — The "conservatism debate" between the two opposition parties — the National Congress for New Politics (NCNP) and the United Liberal Democrats (ULD) — has escalated to "mud-slinging."

The NCNP, which provoked the ULD into starting the quarrel by turning conservative and attracting conservative politicians in hopes of gaining victories in next year's general elections, is trying to calm the squabble, concluding that an escalation of the debate is not desirable in view of the need for all opposition forces to



cooperate in the ongoing anti-government fight at the current National Assembly session.

But the ULD is poised to continue the quarrel and even intensify the debate because it has concluded that their differences will help unite all conservative forces under its leadership.

NCNP Spokesman Pak Chi-won, concerned about his party's intensifying debate with the ULD, offered Wednesday to stop "the mud-slinging," saying there has never been a time when the cooperation of opposition camps has been more needed than now.

"We have many things to do on the floor, such as pass special laws concerning the brutal suppression of the May 1980 Kwangju civil uprising and appoint a special public prosecutor to probe the suppression, and the quarrelling between opposition parties will only help the Kim Yong-sam regime," he said, adding, "we won't respond to any of their arguments, we'll just observe them for the next two or three days."

But he raked the muck of ULD President Kim Chong-pil, saying, "President Kim Chong-pil has made an apology in the house for his defamatory remarks (of Kim Tae-chung in which he claimed the president was a communist sympathizer in his youth) during the recent presidential election. We know many things

about President Kim Chong-pil, such as his past political thoughts."

He, thus, indirectly warned that if the ULD escalates the debate the NCNP will continue its attacks on Kim Chong-pil.

ULD Spokesman An Song-yol backlashed, "Professional politicians can lie as easily as they can eat. Everybody knows President Kim Tae-chung is the model of such politicians, as he has continued to say one thing and do another since his formal return to politics months ago and the same is true for President Kim Yong-sam."

"In spite of his immoral act of lying, his abilities of trickery make him appear as if he were a good politician and we must now eliminate such shameful practices in our politics. Liar-politicians must get out of politics and consider what they have said and done in the past."

An, thus, indirectly called on Kim Tae-chung to retire from politics again.

He added, "Many of those people of 'fame and virtue' who recently joined the NCNP had knocked on our door before they were accepted by the NCNP, and in view of the demands they put on us when they knocked, I'm sure there is 'something' behind their decision to join the NCNP."



## Burma

### BBC Interviews Members of Special Mission

BK0410094695 London BBC in Burmese  
to Burma 1345 GMT 3 Oct 95

[Interview with U Set Maung leader of a special Burmese mission; U Tin Tun, special adviser to the State Law and Order Restoration Council; and U Ba Thwin, director general of the Ministry of Foreign Affairs by Kyaw Swar Thein of BBC's Burmese Service, at Bush House in London on 3 October — recorded]

[FBIS Translated Text] [Kyaw Swar Thein] I would first like to ask U Set Maung a question. What is the main objective of this mission abroad?

[Set Maung] We are currently abroad to inform governments and the public of the latest developments in Burma and the general situation there, and to substitute incorrect reports about Burma with correct reports.

[Kyaw Swar Thein] I would like to put my questions to you under different topics. I will pose questions on politics followed by questions on the human rights issue, economics, and foreign policy. First on politics. A considerable number of cease-fire agreements have been reached with indigenous armed groups. As far as I know, agreements have been reached with 15 groups, the remaining group being the KNU [Karen National Union]. What are the prospects for signing an agreement with the KNU?

[Tin Tun] There is only one group left. Currently, the KNU is split into two groups — the DKBO [Democratic Karen Buddhist Organization], which constitutes the majority, and the remainder of the KNU, which constitutes the minority. There was conflict between them in the territory under their control. They are still fighting among themselves. We still have not held official talks with either the DKBO or the KNU and have not reached any agreement. However, there has been an offer for talks with us from the KNU.

[Kyaw Swar Thein] Another question I would like to raise and which the country also would like to know about is whether there is any possibility of talks between the National League for Democracy, NLD, and the SLORC [State Law and Order Restoration Council].

[Tin Tun] As everybody knows, we are currently holding the National Convention, which is being attended by over 90 NLD members. Among them are the chairman and the secretary. When the convention resumes in the near future, we will have to again hold discussions with them. The government itself has so far not held talks individually with any political parties.

[Kyaw Swar Thein] Well, you have said the National Convention discussions will soon resume. We are aware that preparations are being made for the resumption of the National Convention. Please inform us of the main points that will be discussed when the convention resumes.

[Tin Tun] In drafting the basic principles for the Constitution, as we all know, agreement has been reached on 15 chapters in addition to 104 major points. We will be discussing the [principles] in more detail at the coming session of the National Convention. Discussions have been completed on three chapters out of 15 chapters. The discussion on administration, legislature, and judiciary will begin at the coming session.

[Kyaw Swar Thein] I would like to ask some questions about human rights. Amnesty International has recently issued a report alleging that forced labor is used at construction projects and that there is forced recruitment of labor in Burma. What would you say in reply to this?

[U Ba Thwin] We feel that the Western countries are applying all sorts of pressure on us without having any uniform basis for human rights and democracy. The SLORC has declared the establishment of a modern and developed nation as its chief goal and the people along with the Defense Services personnel are contributing labor for the construction of roads, bridges, dams, and irrigation canals. These countries are criticizing us without taking into consideration our beliefs, culture, historical traditions, and religion.

### Official Views U.S. Relations

BK0410100395 London BBC in Burmese  
to Burma 0000 GMT 4 Oct 95

[Interview with U Ba Thwin, director general of the Ministry of Foreign Affairs and member of the Special Burmese mission by Kyaw Swar Thein of the BBC Burmese Service in London at Bush House on 3 October — recorded]

[FBIS Translated Text] [U Kyaw Swar Thein] What is the state of the relations between Burma and the Association for Southeast Asian Nations, ASEAN?

[U Ba Thwin] Burma is seeking friendly relations with all countries. Our government is continuing these friendly relations with all countries and is actively participating in the United Nations by observing the major principles contained in the United Nations Charter.

ASEAN invited Burma to join the organization in 1967, but the situation at that time did not allow Burma to join. Under the prevailing situation in the post Cold



War period, it has become necessary for Burma to join ASEAN and there are steps [preceding word in English] for it to do so. We are working according to these steps.

[Kyaw Swar Thein] Thank you, U Ba Thwin. Another question relates to Burma-U.S. relations. Is there any possibility of Burma and the U.S. cooperating in the narcotic control work? How do you view the recent visit to Burma by the U.S. ambassador to the UN, Madeleine Albright?

[U Ba Thwin] As I have mentioned before, Burma is seeking friendly relations with all countries in the world and we desire friendly relations with America. Burma is fighting narcotics on all fronts as a national duty. At the same time, we are endeavoring to improve the life of our fraternal people living along the border areas by gradually eliminating the cultivation of narcotic crops. We are fighting toward the elimination of narcotic drugs with our existing physical, human, monetary, and technical resources in the interests of the entire world. If the U.S. recognizes our endeavor to carry out our national duty concerning the narcotic control work and comes and help us in our work, we will always welcome them.

[Kyaw Swar Thein] What is the state of Burma-Britain relations?

[U Ba Thwin] Our relations with Britain have traditionally always been good, but since the [1988] events our relations with Britain have been cool. Burma and Britain had ties for many years with contact in the fields of education and health. We have always had trade ties with Britain, which has renewed interests in trade. As a matter of fact, a British consultant group recently visited Burma just before I came and proposed to carry out a study.

The ASEAN countries have adopted a constructive engagement [two preceding words given in English] policy in their relations with Burma while European Union or EU countries have adopted a critical dialogue [two preceding words in English] in their relations.

[Kyaw Swar Thein] How do you view these two approaches to relations?

[U Ba Thwin] As a Buddhist nation, Burma always wants to have friendly relations and metta [unconditional love] towards others. Now that the EU countries have changed their stance toward a critical dialogue, we will always welcome them to come and observe our progress and work and will welcome their efforts to improve relations.

### **Man Arrested for Spreading 'Fabricated News'**

*BK0410010095 Rangoon TV Myanmar Network  
in Burmese 1330 GMT 3 Oct 95*

[FBIS Translated Text] Ye Htut, son of U Maung Maung, residing in Room 29, Building 12, AFPFL [Anti-Fascist People's Freedom League] Ward, was arrested by Defense Services Intelligence personnel on 27 September 1995 along with some documents and evidence on charges of disseminating fabricated news about Myanmar [Burma].

According to Ye Htut's confession, he has been sending fabricated news to Yin Htwe and Ma Win Win Htay in Canada since 1991. Since 1992, through Ma Win Win Htay's connections, he has been sending fabricated news to Kyi Zaw, alias Zaw Gyi, alias Aung Zaw at P.O. Box 22, Rachavithi Post Office, Phayathai Road, Bangkok 10401, Thailand, and to Mr. John Jackson at P.O. Box 1204, Nana Post Office, Bangkok 10112. He has received financial rewards for his concocted reports.

Kyi Zaw, alias Zaw Gyi, alias Aung Zaw, is the leader of the Burma Information Group, or BIG, an illegal organization formed in Thailand. BIG is the group responsible for publishing THE IRRAWADDY, RADIO BURMA, BURMA ISSUES, and other publications that include fabricated news about Myanmar and then distributing them abroad. Expatriates U Thaung and Aung Bala, Bertil Litner, and others who are opposed to Myanmar have contributed reports and articles to these publications.

The publications published by BIG have been regularly sent to the Foreign Relations Committee of the U.S. Senate, the International Relations Committee of the U.S. House of Representatives, and the office of the adviser to the U.S. President on Southeast Asian affairs. Moreover, they have distributed these publications to organizations such as Amnesty International in London, the Lawyers Committee for Human Rights in New York, Human Rights Watch Asia in New York, the Burma Relief Center in Japan, the Evangelical Church in Germany, Chartered Development Services, AFP Bangkok, and JPA [expansion unknown] in Japan.

NGO's [nongovernmental organizations] in Western countries — America, Australia, and Norway — have granted financial assistance to BIG to publish these bulletins.

It has been learned that legal action will be taken against Ye Htut for sending fabricated news about Myanmar to BIG.



## Brunei, Malaysia & Singapore

### Malaysia

**Deputy Minister Condemns 2d French Nuclear Test**  
*BK0410100095 Kuala Lumpur NEW STRAITS TIMES in English 3 Oct 95 p 4*

[Unattributed report]

[FBIS Transcribed Text] Kuala Lumpur, Mon [2 October] — Malaysia today condemned France for carrying out its second nuclear weapons test at the Fangataufa atoll in the South Pacific.

Deputy Foreign Minister Dr. Leo Michael Toyad said Malaysia opposed all nuclear tests.

The French test was carried out at 1.30 pm yesterday (7.30 am Malaysian time today).

"We oppose any form of nuclear weapons," Toyad told the New Straits Times, adding that nuclear weapons should be banned and countries that were in possession of them should destroy their weapons.

Foreign Minister Datuk Abdullah Ahmad Badawi is presently abroad.

Prime Minister Datuk Sri Dr. Mahathir Mohamed had in his speech at the 50th session of the United Nations general assembly in New York on Friday stated that it was time that the nuclear-weapon states committed themselves to nuclear disarmament through a programmed reduction of their nuclear arsenal within a specific time frame, beginning with the immediate cessation of all nuclear tests and culminating in their total elimination.

**Party Reaffirms Mahathir 'Very Much in Control'**  
*BK0410041795 Kuala Lumpur THE STAR in English 4 Oct 95 p 2*

[Report by Leslie Lau]

[FBIS Transcribed Text] Kuala Lumpur — Datuk Sri Dr Mahathir Mohamed is "still very much in control" and doubts of his grip on the party were created by the foreign media, party vice president Tan Sri Muhyiddin Yassin said yesterday.

Accusing the foreign media of trying to undermine the country's political stability, he said one or two incidents in Kedah did not mean there were problems in Umno [United Malays National Organization].

"The Prime Minister has not lost his grip and a few incidents cannot be used as a yardstick to gauge members' confidence," he told newsmen after launching the Tunas Cemerlang training manual here.

Umno Youth chief Datuk Nazri Tan Sri Aziz said on Monday that certain quarters were exploiting recent events in the Langkawi and Merbok Umno divisions.

Foreign reports said Dr Mahathir was losing his grip on the party following serbacks involving his allies in his Kedah homestate.

Party treasurer Daim Zainuddin resigned as Merbok division head after his opponents refused to make way while supreme council member Datuk Sri Sanusi Junid was defeated in the Langkawi division polls.

"The foreign media does not understand political realities in Umno and based their reports on rumours," said Muhyiddin.

Umno members, he said, were solidly behind Dr Mahathir, and this was reflected in the supreme council's recent decision that there would be no contest for the president and deputy president's posts.

The supreme council decision was a 110 per cent endorsement for Dr Mahathir," said Muhyiddin.

### Singapore

**Government Initiates 'China Business Group'**

*BK0310115695 Singapore Radio Corporation of Singapore in English 1000 GMT 3 Oct 95*

[FBIS Transcribed Text] The government has initiated the formation of a 500-member-strong China Business Group to keep Singapore companies ahead of competition in China. The group is made up of local companies from the private sector. Senior officials from the Trade Development Board, Tourist Promotion Board, and Trade and Industry and Foreign Affairs Ministries will serve as advisers to the group. The group will be headed by Mr. (Lim Chi Meng), chairman of the (Lim Tek Lee) group of companies.

Launching the group, Trade and Industry Minister Yeo Cheow Tong said it will maximize Singapore's competitive advantage in doing business with China. He said by combining the expertise and ideas, local businessmen will be better prepared to meet challenges encountered in the China market.

### Cambodia

**General Reaction to Grenade Explosions Reported**

*BK0410091195 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 4 Oct 95 pp 1, 2*

[Report by Meanop]

[FBIS Translated Excerpt] The two grenade explosions — one at the house of Samdech Son Sann [chairman of



one of the factions in the Buddhist Liberal Democratic Party] and the other, at Moha Montrei monastery, wounding 31 of Samdech Son Sann's supporters on the evening of 30 September — have become the subject of discussion by newspapers and the public. By 2 October the culprits and their bosses have not yet been found.

[Passage omitted reviewing background of the conflict in the Buddhist Liberal Democratic Party and also citing statements by the Royal Government and other officials condemning the attacks]

A spokesman of the French Embassy said that "This was a barbarous act that should be punished." U.S. Ambassador to Cambodia Charles Twining, who also visited the wounded in hospital, said he was shocked by the two incidents. He said that "Washington firmly condemns these attacks and calls on Cambodian authorities to take the criminals to court." Charles Twining further said that he is happy that Samdech Son Sann still plans to convene the congress, which "is the basis of the people's freedom to meet."

[Passage omitted citing statement by Ieng Muli, chairman of the other faction in the Buddhist Liberal Democratic Party, regretting the incidents]

Supporters of Samdech Son Sann affirmed that, despite the bloodshed at the venue of the congress, the meeting was successfully held.

The congress was held on the morning of 1 October at the house of Samdech Son Sann, where the previous evening 24 persons were wounded in an explosion. This small house was crowded with more than 200 people. About 500 party members were outside expressing their participation in the congress. Other sources said however that 2,000 people took part; yet others said that up to 5,000 were present.

[Passage omitted citing foreign reports on the meeting]

Members of Samdech Son Sann's new executive committee showed that their party is still leaving the door open for reconciliation with Ieng Muli and his party. [Passage omitted quoting part of the statement by Assistant Secretary of State Winston Lord to the U.S. Congress on the situation in Cambodia]

#### **Ranariddh, Hun Sen Chair 4 Oct Cabinet Meeting**

*BK0410075595 Phnom Penh National Radio of Cambodia Network in Cambodian  
0500 GMT 4 Oct 95*

[FBIS Translated Text] On the morning of 4 October, the cabinet of the Royal Government of Cambodia held a plenary session under the chairmanship of Prince Krompreah Norodom Ranariddh, first prime minister;

and Samdech Hun Sen, second prime minister of the Kingdom of Cambodia.

The meeting examined and discussed the subdecree on improving tax collection; the exploitation of oil and the overlapping Cambodian-Thai zone issue; and the report of the Ministry of Foreign Affairs and International Cooperation.

Opening the meeting, the samdech first prime minister said this year is the 40th anniversary of the Kingdom of Cambodia's membership in the United Nations. It is also the 50th anniversary of the United Nations. He also said that on the 50th United Nations anniversary, member countries have a common aspiration to vigorously consolidate democracy within the United Nations.

#### **Elections for Commune Headmen Postponed to 1997**

*BK0410102595 Phnom Penh REAKSMEI  
KAMPUCHEA in Cambodian 4 Oct 95 p 11*

[Report by Pranel]

[FBIS Translated Text] The Interior Ministry had planned to organize nationwide elections in early 1996 to select commune headmen, who are low-ranking officials. This plan has been delayed until 1997, however.

An Interior Ministry official has affirmed that the delay has been caused by some remaining complex problems. Uk Sereisopheak, an official in the Interior Ministry office, told reporters that the nationwide election of commune headmen, due to be held in early 1996, has been postponed because of many complex organizational problems. The Royal Government is now discussing the issue. He said the elections have been postponed because of two problems; namely, the election law and the law defining nationality. The election law is only in its first draft. Sereisopheak stressed that these laws will be adopted by the end of 1995 or early 1996.

Some analysts think the delay in the election of commune headmen is due to budget problems. Furthermore, it is not known who will pay to organize the elections, the parties or the government. It is worth noting that each party is now selecting officials in preparation for the elections. Selection is based on knowledge, ethics, personality, and ability to win popularity. This is because winning in commune-level elections will make it easier for a party to win the elections for people's representative in 1998.

It has been noted that commune headmen have been behaving well in serving the people. In their preparations to compete with new candidates, they are striving to eliminate previous shortcomings.



**Khieu Samphan Criticizes Military Exercise**

*BK0410103695 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 3 Oct 95*

["Statement" issued by Khieu Samphan, "prime minister and National Army of Democratic Kampuchea minister of the Provisional Government of National Union and National Salvation," on 3 October; place not given — recorded]

[FBIS Translated Text] Respected and beloved compatriots: I would like to make this statement to inform you, the world, and the American people as follows:

1. The Clinton administration has decided to conduct a so-called military exercise in Cambodia, beginning on 1 October 1995. The exercise will be expanded gradually.

In fact, the United States has begun direct military intervention in Cambodia for the second time. In 1970, it conducted the first intervention to topple an independent, peaceful, neutral, and nonaligned Cambodia. The United States has staged the second military exercise to join communist Vietnam in killing the Cambodian nation and people and to sabotage peace and stability in the region and the world.

2. Why has the Clinton administration made such a decision? Because the two-heads — the tools of the war of aggression of communist Vietnam, the United States, and other villainous allies — have lost. The United States and the allies have painstakingly strived to assist the two-heads with all possible means, including money and armaments. Military advisers and experts have also been sent one after the other to help the two-heads. However, the two-heads have continued to lose to such an extent that now their masters admit that their servants can no longer proceed. So the terrified masters, who do not know what to do, have begun the direct military intervention so as to delay the death of the two-heads, who are now breathing their last.

3. Can direct intervention by the United States and the allies save the two-heads? No. It never can. Because for 16 or 17 years, the war carried out by the communist Vietnamese aggressors, that was later continued by UNTAC [UN Transitional Authority in Cambodia], the alliance, and the two-heads, has devastated the Cambodian nation and people and ruined their land, rice fields, orchards, and cattle, causing millions of people to starve to death. While continuing the war, communist Vietnam, the ethnic Vietnamese, the two-heads, and the evil merchants have also plundered everything. The Cambodian nation and people are now at the climax of their hatred.

A woman shouted: I do not want to bring my children here to beg, to sleep on the footpaths. I only want land and cooked rice. Since my paddy crops, rice, and cattle have all been stolen, how can I survive? Where should I go?

A Phnom Penh student was among a group of 30 victims, including Buddhist monks, women, and children, who were wounded on 30 September by grenades lobbed on the orders of Hun Sen — one of communist Vietnam's goonish gangsters; they were thrown by Vietnamese sappers at the masses participating in a congress at the office of the Buddhist Liberal Democratic Party [BLDP] led by His Excellency Son Sann. The student shouted: Democracy does not exist in Cambodia! Bloodshed and war are continuing in Cambodia! Over \$2 billion spent by UNTAC in Cambodia has been completely dissipated! The two-heads betray the nation! The two-heads betray the nation! The two-heads betray the nation!

What were the circumstances causing the woman and the student to shout like that? They shouted in a situation where everything is going to explode; everything will turn upside down. This is a situation in which the entire Cambodian nation and people from all strata have joined forces in carrying out a resolute struggle. The struggle is to terminate the regime of the nation-betraying, nation-selling, nation-eradicating, and people-killing two-heads, who are communist Vietnam's out-and-out lackeys. The peasants in the countryside, the people and masses from all walks of life in Phnom Penh, and overseas Cambodians are all struggling. They are struggling for their own survival and the survival of the Cambodian nation and race. The struggle constitutes an energetic and great fighting force for the Cambodian nation. So the direct military intervention by the Clinton administration can in no way save the two-heads.

4. Based on concrete experience, the U.S. Administration's policy of (?courting) and joining communist Vietnam in violating and sabotaging the Paris accord and in giving a premature birth to the two-heads for the purpose of furthering the communist Vietnamese war to kill the Cambodian nation and people does not benefit the American people and the United States in the least. On the contrary, billions of dollars have been lost and the U.S.-backed forces have been completely destroyed by communist Vietnam and the communist Vietnamese puppets.

Communist Vietnam and its puppets remain monopolistic, despotic, and fascist and further trample upon and destroy democratic rights and freedom in the most aggressive and insolent manner. Yet, the Clinton adminis-



tration is bent on continuing the stupid policy by launching direct intervention in Cambodia for the second time. This is aimed at joining the communist Vietnamese aggressors in their attempt to further the killing of the Cambodian nation and people.

For sure, the American people would never want the U.S. Administration to throw the money they have paid as taxes into the flames of war in Cambodia and to allow communist Vietnam and its puppets to remain monopolistic, despotic, and fascist and destroy the U.S.-backed forces in Cambodia at will. In particular, the American people would never want the U.S. Administration to send their children and husbands to die and leave their remains in Cambodia for the second time just to save the two-headed regime, which has not only completely collapsed in all fields and sectors, but has also been most corrupt and rotten. Nothing can be done to save it. Moreover, even after 25 years, the remains of American servicemen have not yet been completely found. The American people would never want their children and husbands to die.

5. The Cambodian nation and people, the Provisional Government of National Union and National Salvation [PGNUNS], and the National Union Party [NUP] have never violated anyone. We want only to coexist peacefully with all close and distant countries and peoples in the world. We have never made ourselves an enemy of the United States and the American people. This is why we have totally forgotten the crimes committed by the U.S. Administration against the Cambodian nation and people in the past. We never want to recall or dig up those crimes. Once the U.S. Administration stops its criminal activities and respects the rights to self-determination of the Cambodian nation and people, everything will be brought to an end and our two countries and peoples can resume contacts with each other and do businesses together as normal. Nonetheless, if the U.S. Administration continues to pursue the old path and tries to conduct an adventurous direct military intervention in Cambodia for the second time with the aim of joining communist Vietnam to kill the Cambodian nation and people, it must assume before the Cambodian nation and people and the people of the United States, the region, and the world full and total responsibility for the consequences of its decision.

The Cambodian nation and people reserve their absolute right of self-defense. They are fully entitled to fight to defend themselves, and it is certain that they can manage to defend themselves.

The Cambodian nation and people have engraved an historic truth in golden letters for their children of the generations to come. The truth is that the U.S.

Administration invaded Cambodia for the first time between 1970 and 1975 and toppled a Cambodia endowed with independence, peace, neutrality, and nonalignment. The United States intended to take and use Cambodia as a military base to fuel war. It used modern weaponry and the strategic B-52 bombers to drop over 500,000 metric tons of bombs on Cambodia. That was more than three times the number of bombs the United States dropped on Japan during the Second World War. Yet, the United States was eventually shamefully defeated.

Communist Vietnam invaded Cambodia and inflamed a war to kill the Cambodian nation and people with hundreds of thousands of Vietnamese troops. The former Soviet Union and Warsaw Pact were also involved. However, they were handed the most serious and shameful defeats.

When UNTAC came, it colluded with communist Vietnam to continue fuelling the communist Vietnamese war of aggression to kill the Cambodian nation and people. It was also defeated.

Later, when the troops of the alliance came, they were likewise defeated.

The truth is that the aggressors and their out-and-out lackeys can never prevail over a nation and people who have the resolute will to fight, who are able to clearly distinguish friend from foe, and who have a well-defined and correct objective. The Cambodian nation and people will definitely achieve genuine peace and genuine national reconciliation. With the participation of all national forces, they will have sufficient strength to solve national and social problems, defend the nation, and rebuild the nation to catch up with other countries, adopting a regime of a liberal economy and liberal democracy.

6. In conclusion, the Cambodian nation and people, PGNUNS, and NUP would like to appeal to all peace- and justice-loving peoples and countries in the region and the world as well as the American people, who have witnessed the real situation in Cambodia and who have clearly seen that war can never solve anything but only brings about disaster, to join forces to prevent the second adventure by the U.S. Administration in Cambodia and put an early end to the communist Vietnamese war of aggression against Cambodia. This is to allow Cambodia to achieve genuine peace and national reconciliation, thereby benefiting regional and world security and peace.

Long live the struggle by the brave, courageous, and victorious Cambodian nation and people!



The forces advocating peace and national reconciliation will prevail over the warmongering aggressor forces at all costs!

Peace, an end to war, and national reconciliation can definitely be achieved!

**Rebels Condemn Attack on Son Sann's Faction**

*BK0410093695 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 3 Oct 95*

["Communique" issued by the spokesman of the Provisional Government of National Union and National Salvation on 3 October; place not given — recorded]

[FBIS Translated Text] 1. On 30 September, a group of communist Vietnamese Dac Cong sappers lobbed many grenades that destroyed the office and meeting place of the Buddhist Liberal Democratic Party [BLDP] and wounded Son Soubert, vice chairman of the party, and over 30 other party members.

Who are the chief criminals and assassins?

They are communist Vietnam and Hun Sen and other two-heads who are communist Vietnam's out-and-out lackeys and most fascist goons.

A few days ago, the one-eyed Hun Sen threatened that should His Excellency [H.E.] dare to hold the party meeting, the communist Vietnamese Dac Cong sappers would launch a crackdown to prevent the meeting from taking place at all costs.

2. This is a most cowardly, stinking, base, savage, and barbaric action. This fascist action most clearly demonstrates that communist Vietnam is totally despotic and monopolistic. It is totally given over to the law of the jungle of the black-toothed communist Vietnamese.

Communist Vietnam and its puppets are in the process of destroying the U.S.-backed forces. They are destroying the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Party and the BLDP, both politically and organizationally.

Communist Vietnam and the one-eyed Hun Sen never allow any party other than the party of the communist Vietnamese puppets to exist.

As for the ghoulish Ranariddh, the simian Ieng Muli, and so on, they are merely the out-and-out puppets of the one-eyed Hun Sen.

3. The fascist and despotic action clearly demonstrates that the two-headed regime has its back completely to the wall and is experiencing a sense of terror in every place. It is totally isolated; nobody is sticking with it.

People from all walks of life are conducting all forms of struggles against it.

Such fascist, cruel, and savage action can never break and destroy the will to fight of the people, masses, and politicians in Phnom Penh. On the contrary, the action is increasingly kindling the hatred of the Cambodian nation and people and causing their struggle to become more active and zealous so as to terminate the communist Vietnamese war of aggression and the most fascist two-headed regime, thus rapidly restoring genuine peace and national reconciliation.

4. The Provisional Government of National Union and National Salvation [PGNUNS] condemns, with the most intense hatred, the extremely fascist, despotic, cowardly, cruel, and savage action committed by communist Vietnam and the one-eyed Hun Sen. The PGNUNS would like to express its condolences to the politicians and all of our compatriots who are the victims of the fascist, cruel, and savage action.

3 October 1995

The PGNUNS spokesman.

**Indonesia**

**Suharto Receives Singapore Defense Minister**

*BK0310115895 Singapore Radio Corporation of Singapore in English 1000 GMT 3 Oct 95*

[FBIS Transcribed Text] Deputy Prime Minister and Defense Minister Dr. Tony Tan has called on President Suharto in Jakarta. He also called on Defense and Security Minister General Edi Sudrajat, who will be hosting a dinner for Dr. Tan this evening. Dr. Tan is on a three-day introductory visit to Indonesia. Mindef [Ministry of Defense] says the visit reflects the existing warm ties between Singapore and Indonesia, seen in regular bilateral exchanges between ABRI [Armed Forces of Republic of Indonesia] and SAF [Singapore Armed Forces]. Dr. Tan will return to Singapore on Thursday.

**Bishop Belo Discusses E.Timor Situation**

*BK0310143695 Jakarta GATRA in Indonesian 23 Sep 95 pp 29,30*

["Excerpts" of interview with East Timor Bishop Carlos Filipe Ximenes Belo by correspondents Ruba'i Kadir and I Made Suarjana in Dili on 13 September]

[FBIS Translated Text] [GATRA] What do you think of the recent riots in East Timor towns?

[Belo] You should have put this question to the governor, the speaker of the Regional Legislative Assembly,



the commander of the Military Area Command, and other high-ranking officials. These people know what happened, and they have the answer.

[GATRA] But you regularly monitor the situation. Did you see anything amiss?

[Belo] I think officials from the central and local government still do not understand the real situation in East Timor. They still do not understand the conscience of the local people. The riots were not caused by SARA [ethnic, religious, racial, and intercommunal] discord alone.

[GATRA] What do you mean?

[Belo] Even though East Timor people are still backward, dim, and uneducated, they still have their tradition, value system, and way of life, which must be respected. Outsiders who come to settle here should adjust to our ways instead of our having to adjust to theirs.

[GATRA] So the settlers must adjust to the native people's ways?

[Belo] We must first ask this question: what have they come here for? As for those who come here, you can see they do it by ship or airplane. How many East Timor people can afford to travel by ship or airplane? All this makes local people stop and think.

[GATRA] Don't you think this is the result of the policy to make East Timor an open area?

[Belo] Indeed it is one of the consequences of having East Timor as an open area, but just because of this, let us not blame (former East Timor governor) Carrascalao, who initiated the policy. Turning East Timor into an open province is aimed at giving more freedom of movement, thought, and speech. Such freedom should have benefited local people, not the settlers. Do you think we benefit from this policy?

[GATRA] After the riots last Friday, you were seen busily trying to pacify the mob, but the riots continued. Why?

[Belo] It is because an agreement was breached. At that time, we all agreed to go home. The youths went home and security personnel went back to their camps. But then what happened? It turned out that security authorities arrested the youths later at night.

[GATRA] The security authorities were reportedly very lenient in dealing with the rioters. Not a single shot was fired.

[Belo] There was no need to fire any shots. Dialogue was needed instead. Existing government agencies like the regional government or local military command certainly know what kind of dialogue is needed. They

should listen to the public's grievances. They should know what people want, instead of harassing them every time there is a new incident like this one.

[GATRA] There is no harassment, is there? The local police chief said there is no such a thing as torture against the detainees.

[Belo] I do not believe him. People told me that there is indeed torture during detention.

[GATRA] Earlier, you mentioned the benefits received by the settlers. Do you think that the riots were caused by the growing social gap?

[Belo] It is one of the causes. There are other causes, including cultural, historical, religious, and political ones. It is easy to accuse somebody as being GPK [Security Disturbance Movement] or clandestine [preceding word in English] members. But have the authorities ever initiated any dialogue aimed at discussing political life in East Timor? By holding dialogues, we can seek the best solution to the problem. However, the authorities always avoid this kind of dialogue.

The government must also be ready to listen to grievances. If it is unwilling to do so, things like this will continue to go on. They should know that they exist to serve the people's interests. They should listen and respond to people's grievances. They should never make empty promises. Personally, I once proposed and still continue to propose that East Timor be turned into a special Catholic region. As for the implementation, let the authorities do it. But this request was turned down.

[GATRA] Aren't there dialogues already being attended by representatives of the regional government, ABRI [Armed Forces of the Republic of Indonesia], and the Catholic Church?

[Belo] There were dialogues when Carrascalao was East Timor governor and sometimes they lasted until 0300 or 0400 in the morning, but then the participants were summoned and interrogated by the military authorities, who asked them: why do you lodge complaints with the governor?

[GATRA] What about dialogues among religious leaders?

[Belo] This can be done and indeed several dialogues were held. We have already talked and written a lot of papers, but in practice they have turned out differently.

[GATRA] Do you see any ideological issue behind the recent riots, such as local people's rejection of Pancasila [state ideology], or Bhinneka Tunggal Ika [state slogan meaning unity in diversity].



[Belo] This needs to be studied thoroughly. One indication I can detect is that East Timor people do not want people from outside the province to settle down here. They do not want these settlers to control things here, especially the economy.

[GATRA] The issue of social gap is not restricted to East Timor because other provinces also have a similar problem. Do you think there is a cultural trait peculiar to people here that makes them easily turn violent?

[Belo] The East Timor people are indeed hot-tempered. They get excited easily. Their educational background based on the Portuguese tradition and Roman Catholicism is also another factor. They do not mince their words. They never beat about the bush.

[GATRA] The religious sacrilege issue has also occurred in other parts of Indonesia as in the cases of [mystic] Permadi and [magazine editor] Arswendo, but they did not lead to destruction, arson, or expulsion of people such as happened here.

[Belo] Such is the character of the people here. They are unhappy that certain groups always receive facilities while nobody listens to their voice. What happened recently was their reaction to such a situation.

[GATRA] Some people said that the Catholics here belong to the orthodox group.

[Belo] I disagree with the term orthodox. If the Catholics in Jakarta or other places are no longer orthodox, they are no longer Catholics. They can be called Javanese Catholics, who are almost no different from the Protestants. A religion must be orthodox.

People here are different. Once you are a Catholic, you remain a Catholic and you must give great respect to your religion and tolerate no religious sacrilege.

In Java, people are more tolerant and considerate of others' feelings. They can solve problems through consultation and consensus. Consensus is not a cultural trait here. Catholicism is a creed with its liturgy and sacred worship.

[GATRA] The number of Catholics has increased tremendously since East Timor's integration into the Republic of Indonesia. In fact, the number has grown more rapidly than during the Portuguese era. Then why does the issue of Islamization emerge in East Timor?

[Belo] For me, what is important is that each Catholic must have a strong faith. I often stress that if there are 100 Muslims around me while I am the only Catholic, I am not afraid of expressing my love for my religion as long as I have strong faith.

[GATRA] Why must these issues lead to riots? Why couldn't they resort to more peaceful approaches?

[Belo] We have made efforts to do that in the past 20 years. We East Timor people want direct results. If they come to me for assistance, they must get it on that day. But when we deal with people from outside East Timor, we learn a new lesson, namely, they tell us to wait. Waiting here can mean today, tomorrow, next year, or we will never get what we want at all.

[GATRA] In your capacity as bishop, do you take special measures to calm down your hot-tempered congregation?

[Belo] You will need more than the bishop for this. Of course, I can give my moral support through moral leadership, but this is not enough. Why did the authorities have to ask my assistance to calm down the mob and persuade them to return home when the youths were later taken by the police and beaten up? Sometimes I feel I am just being used.

[GATRA] If that is the case, the problem will never be solved.

[Belo] After these riots, all sides must carry out self-introspection and ask themselves: who was behind all this?

[GATRA] It was said that the anti-integration group was behind the riots.

[Belo] Let them try to find the cause. But I personally believe the anti-integration group is not the one to be blamed for the riots. Blaming them is an old song that the authorities always use.

[GATRA] As for social gap, do you think the East Timor people are ready and capable enough for economic competition?

[Belo] The government's policy for East Timor should have been different from those for other provinces. Let East Timor develop itself slowly. There is no need to introduce high technology here. Let local people continue to grow vegetables with their simple traditional tools. I always ask this question: for whom is this development?

[GATRA] Does it mean that East Timor needs economic protection?

[Belo] No. Protection is not the correct term. East Timor should be treated as a special region with a population willing to integrate with Indonesia. What is needed here are people, both civilians and ABRI, who are willing to help build East Timor together.



[GATRA] Don't you think it will instead create problems, namely, East Timor will become more backward?

[Belo] Let other provinces reach the 20th Repelita [Five-Year Development Plan] while East Timor is still in the third or fourth Repelita because that is all it can do with its own ability and ways of doing things. What is important is that the fruits of development are available for the happiness and welfare of the entire East Timor people.

#### **Daily Says France 'Accustomed' to Protests**

*BK0410091095 Jakarta KOMPAS in Indonesian*  
4 Oct 95

[Editorial: "The Second Test Shows That France Has Become Accustomed to World Protests" — received via Internet]

[FBIS Translated Text] Prior to and immediately after France conducted a nuclear test on Mururoa Atoll on 5 September, various protests broke out in many parts of the world, particularly in Asia-Pacific countries. There were even riots in Papeete, the capital of Tahiti, during which the airport was burned.

Now, there are some interesting questions. What happened after the second nuclear test on Fangataufa Atoll on 2 October? How did France respond to the protests?

Just for your information, France detonated a bomb weighing 110 kilotons last Sunday at 1330 local time or Monday at 0630 West Indonesian Standard Time. The bomb was 5.5 times more powerful than the one dropped on Hiroshima or the bomb detonated on 5 September. Judging from the intensity, there are indications that this is the newest nuclear bomb, which will be used as a warhead of the TN-75 nuclear missile on France's most modern submarine.

France said the recent test, like the first one, was part of its efforts to guarantee its status as a nuclear power. France needs to ensure the safety and reliability of its nuclear weapons.

France will continue to conduct nuclear tests within "the conditions and limits" set by President Jacques Chirac, under which he is determined to conduct seven or eight nuclear tests by next May.

There were strong protests from various countries or environment groups immediately after the second protest — something that happened after the first nuclear test. We can, however, see that there are those who have either strongly protested, regretted, or understood the nuclear test.

Australia, Japan, and New Zealand are among countries that have strongly protested the test. The United States

has regretted it. The European Union, in which France is an important element, has been divided over the matter.

Japanese Prime Minister Murayama was under pressure from Finance Minister Masayoshi Takemura to recall the Japanese ambassador in Paris, but the pressure was rejected. Takemura described the test as nothing but arrogance. We no longer live in the Napoleon or de Gaulle eras, he said. Australian Prime Minister Paul Keating said the second test would further step up anger against France in the Pacific "and medium- or long-term costs that France has to incur will increase everytime a new test is conducted." As in the past, France remains indifferent, although its decision is against common sense and its reputation in the Pacific has been damaged by the decision. France has even criticized fellow European countries that do not support it. Perhaps, the criticisms are aimed at Swedish Prime Minister Ingvar Carlsson, who said "it is a pity that France has chosen a path that runs against world opinion," or the Netherlands, which says that the French move "has ignored convincing arguments expressed by various countries, social organizations, and citizens." As a matter of fact, a number of European Union foreign ministers, who were meeting in Brussels, expressed criticism of the French decision.

Meanwhile, a number of countries have adopted different attitudes. Germany, which does not intend to further anger France under the present tense situation, has refused to make comments. Britain has also refused to criticize France, although a Foreign Office official said "we are clearly aware of the concern the test has created among the Pacific countries." The moral position has been expressed and various other messages have been sent out. It is, however, clear that France will not change its decision. French Government spokesman Francois Baroin has been quoted as saying that France needs simply to get used to the protests and hopes that the next tests will take place in "a more quiet atmosphere." All will be normal again, he added.

Prime Minister Alain Juppe himself has admitted the protests against his country, but he has belittled them. "I think many of our European partners understand the matter clearly, as we saw in Majorca recently," he said of the impression he got from the informal meeting of European Union leaders a week ago.

Perhaps, the indifference will remain until France conducts six or five more tests, which it describes as its last campaign before it becomes the first signatory to the Comprehensive Test Ban Treaty scheduled for next year.

Will the Governments of Australia, New Zealand, or Japan and the Greenpeace group be tired of protesting?



We will wait and see. We can, however, see the results of mere protests: "A dog may bark, but travelers will continue their journey."

### **Philippines**

#### **Ramos: Nuclear Test Destroys French Credibility**

*BK0410010895 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 3 Oct 95*

[FBIS Translated Text] President Ramos has condemned the most recent nuclear test in the Pacific. According to the president, France's disregard of the welfare of other countries destroys the credibility of its promises on nuclear disarmament. The president said the Philippines will lead the Group of 77 — the organization of the world's poor nations — to appeal to France not to continue with the nuclear testing.

#### **Ramos Rejects Severing Economic Ties With France**

*BK0410093495 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0800 GMT 4 Oct 95*

[FBIS Translated Text] The government has strongly condemned France's second nuclear test at Fangataufa Atoll. This was reiterated by President Fidel Ramos, although the administration will not push to sever economic ties between the two countries or for a boycott of French products. According to Ramos, any action by a country to break with or distance itself from other countries will produce a negative effect.

#### **Ramos Announces Development Plan for Mindanao**

*BK0410083895 Manila PHILIPPINE DAILY INQUIRER in English 30 Sep 95 p 5*

[Unattributed report]

[FBIS Transcribed Text] Sta. [Santa] Cruz, Davao del Sur — President Ramos yesterday announced the start of a 15-year plan to develop Mindanao.

Speaking during the inauguration of the San Miguel Corp. brewery plant here, Mr. Ramos vowed that government will do its share "to ensure an environment conducive for trade and business to flourish."

He said the administration plans to construct a total of 6,728 kilometers of roads in Mindanao from 1993 to 1998. He said this corresponds to 34 percent of the total government budget for road development for that period, and 11 percent more of Mindanao's share in 1987 to 1992.

"We are also investing heavily in other infrastructures — you will see more and better airports, seaports, bridges, power and telecommunications facilities all over the island the next few years," he said.

Financing for the projects will come from the president's P[Philippine pesos] 5-billion flagship program for Mindanao while the rest will be through arrangements with the private sector on a build-operate-transfer [BOT] basis and other variants of the BOT.

"I firmly believe that the creation of more roads, bridges and other facilities will help move our economy forward as well as link us together as one people," Mr. Ramos said.

He said the Marawi-Cotabato road and the Lake Lanao circumferential road will soon be inaugurated.

"It is my hope that these access roads will help uplift the lives of Mindanaoans as well as promote peace in the outlying region," he said.

Mr. Ramos said the Mindanao development plan will be the framework by which national government, local government, and the private sector will work together to ensure industrialization of the island by 2010.

He said the administration is targeting a 7-percent annual growth over 15 years. Employment is seen to increase by 39 percent, he said.

The average per capita income of Mindanaoans by the 21st century will rise to \$1,350, he said.

#### **Four Economic Agreements Signed With Thailand**

*BK0410105495 Manila PHILIPPINE DAILY INQUIRER in English 1 Oct 95 p 6*

[Report by Stella O. Gonzales]

[FBIS Transcribed Text] President Ramos and Thai Prime Minister Banhan Sinlapa-acha yesterday witnessed the signing of four agreements, including one involving the construction and operation of a terminal at the Ninoy Aquino International Airport [NAIA].

Banhan arrived in Manila yesterday on board a Royal Thai Air Force plane for a two-day visit — his first outside Thailand since becoming prime minister earlier this year.

Banhan was accorded arrival honors at Malacanang's [presidential palace] Reception Hall.

The ceremonies were supposed to be held at the grounds of the New Executive Building, but plans had to be changed due to inclement weather.

A memorandum of understanding [MOU] was signed between the Asia's Emerging Dragon Corp. (AEDC) and the Italian-Thai Development Public Co. Ltd. of Thailand and Mitsui & Co. and Marubeni Corp. of Japan, which would allow the Thai and Japanese firms to acquire 40 percent of AEDC equity.



Ital-Thai would acquire 30 percent of the equity while Mitsui and Marubeni would put in 5 percent each.

AEDC said it would push for the completion of the NAIA Terminal III by early 1998 and the rehabilitation and expansion of the Clark Terminal by October 1996.

The NAIA Terminal III is planned to be an ultra-modern airport terminal that can handle passenger traffic of up to 10 million every year.

The second MOU signed was an agreement between the Philippines and Thailand for the promotion and protection of investments.

The third is an MOU for the Pangasinan Post-Harvest Handling and Processing Center which would respond to the agricultural and industrial needs of the province, particularly in the areas of infrastructure and marketing.

The fourth agreement is an MOU on the establishment of a joint cooperative council between the Philippine and Thai business councils.

It aims to set up the institutional mechanism to foster trade and investments between the private sector of the two countries.

The president and first lady Amelita Ramos hosted a state banquet for the prime minister last night.

Banhan is set to leave for Hanoi, Vietnam, this morning after laying a wreath at the monument of the national hero in Rizal Park.

#### **France To Fund Modernization of Radar System**

*BK0410080395 Manila MANILA STANDARD  
in English 2 Oct 95 p 15*

[Report by Annamarie A. Madrilejos]

[FBIS Transcribed Text] France will provide the bulk of the funding for the upgrading of the country's radar and communications facility in the pursuit of modernizing the coverage of Philippine territorial air space and ensure safer flights.

According to the Air Transportation Office (ATO), under the RP- French Finance agreement, the French Government would appropriate some P[Philippine pesos]487.6 million or 92 million French francs in the form of grants and loans.

Eighty percent of the amount will be in loans, to be payable in 10 years. The local counterpart funding will amount to P81.185 million.

Transportation and Communications Secretary Jesus Garcia said the project, which will fall under the Modernization of the Philippine Airways System (MPAS) program, was the government's response to meet the

upbeat trend in the country's domestic and international air traffic.

An agreement has been signed between ATO and CSF-Thomson for the supply of the equipment and services, including installation and training of personnel, as well as the integration of the existing Tagaytay SRR [expansion unknown] to the Manila Area Control Center (MACC) system.

ATO chief Panfilo Villaruel said that MPAS would establish the proposed MACC to centralize the control of the four area control centers (ACC)-north, south, east and west-as well as the Mactan sub- ACC.

A terminal radar data processing sub-system of the Manila Approach will be linked electronically with the MACC system for efficient control of flights, Villaruel said.

Thus, contiguous radar coverage will be established from 10,000 feet and above, thereby facilitating safe passage of aircraft criss-crossing the Manila flight information region (FIR)," he added.

The project will be operational by the year 2000.

### **Thailand**

#### **Banhan Says Cabinet Reshuffles 'Normal'**

*BK0410041395 Bangkok BANGKOK POST  
in English 4 Oct 95 p 3*

[Unattributed report]

[FBIS Transcribed Text] Cabinet reshuffles are perfectly normal in a parliamentary system, but now is not the right time for one, according to the Prime Minister.

Banhan Sinlapa-acha had a personal meeting yesterday with Deputy Premier Thaksin Chinnawat and said afterwards:

"Cabinet reshuffles are normal in a parliamentary system of government. We can make changes to the cabinet line-up when there is a problem over the suitability of particular members.

"But it's not yet the time for that. We've a lot of work to do. I still have problems to resolve: the flooding, economic hardship, and various unfinished projects such as Hopewell."

The two leaders discussed Thaksin's recent remarks favouring a cabinet reshuffle and a change to the interior portfolio, now held by the Premier concurrently.

Banhan said he had asked Thaksin why he had made such comments, and the Phalang Tham leader had said



that he was just giving his opinion when journalists asked for it.

"He told me he said how he felt it should be. He also said the decision lay with the Prime Minister, depending on a time that was appropriate and other considerations," he said.

The point was made to Banhan that some people were wondering who the real prime minister was — himself or Thaksin.

Banhan replied: "I'm the real one, standing right here. Who else could it be?"

He said he had asked all coalition parties to speak with the same voice on every issue. That meant not only on questions to do with the Cabinet but also on the proposed constitutional amendments.

"We talked about this today," he said.

He would leave the proposed constitutional amendments to Parliament, and would not make them a political matter.

The Opposition has proposed two constitutional amendment bills, one on a new method for selecting senators and the other on how to keep politicians in check.

On the selection of senators which is now the sole right of the Prime Minister, Banhan said that on the day he had taken office he had asked Cabinet secretary-general Wisanu Khrua-ngam to come up with methods for making the selection of senators as neutral as possible.

But the Opposition's proposal on this question was another matter. The government parties had not resolved whether to vote for or against the Opposition's drafts.

"We'll come to a resolution after listening to what they say in Parliament. We must listen to the views of senators," he said.

But he added that the Government did not take the constitutional amendments very seriously.

#### **Narong To File Investigation Petition With Panel**

*BK0410040995 Bangkok THE NATION in English*  
4 Oct 95 p A5

[Unattributed Report]

[FBIS Transcribed Text] Chat Thai chief adviser Narong Wongwan, accused by United States officials of having links with drug traffickers, is planning to file a petition with the Commission of Inquiry for an investigation into the charges.

"I should be able to submit the petition before Oct 20," Narong said.

Deputy Industry Minister Anuson Wongwan, Narong's son, said US authorities should produce evidence to prove their accusations. However, he was not sure if they would submit their evidence to the commission.

Narong and Chat Thai deputy leader Wathana Atsawahem have been denied entry visas by Washington because of suspicions about possible involvement with narcotics traffickers. The politicians have denied the charges.

The 12-member government-appointed panel, headed by US critic Thanat Khoman, is composed of high-ranking officials.

#### **Military Senators To Vote on Opposition Bill**

*BK0310141995 Bangkok MATICHON in Thai*  
2 Oct 95 p 2

[Article: "Keep a Close Watch on Class 5 Graduates and Chuan-appointed Senators"]

[FBIS Translated Text] Unlike the seven constitutional amendment bills that sailed through the Senate in April 1994 with only seven senators voting against them, the opposition-sponsored constitutional amendment draft bill scheduled to enter parliament on 5 October will have a direct impact on the senatorial status because it is designed to transfer the sole authority for selecting senators from the prime minister to the senatorial nominee selection committee. In principle, the senators, whose tenure is about to expire, should not have anything to worry about if they do not intend to cling to their personal gains. On the contrary, they should support the legislation.

A sizable number of senators are speaking against the opposition's draft bill. Their critics believe that they really want the power to remain in the hands of Prime Minister Banhan Sinlapa-acha, from whom they feel they can expect something in return for their support.

The majority of senators are still indifferent because they do not think that this political development has anything to do with them.

The tendency will be that most of the senators will abstain from voting and let the government and opposition MP's play their game because in any case the government commands sufficient votes in parliament to defeat the opposition.

It is worth mentioning that there will be senators who will not hesitate "to take side with the winner" and are ready to raise their hands to kill the opposition-proposed legislation just to please the power holders.

Meanwhile, we cannot simply neglect the other two groups of senators who oppose the shift of power from



the prime minister to the said committee. These people are in business circles and the armed forces. They deserve our close scrutiny.

The first group comprises senators from the military line.

It is ridiculous to say that the armed forces have no connections with the Senate because no less than 123 senators are military officers and former servicemen. Nearly all of them are graduates of Class 5 of Chulachomklao Royal Military Academy and played active roles in the armed forces during the period from the coup d'etat in February 1991 to May 1994.

The decision made by General Chawalit Yongchaiyut, deputy prime minister and defense minister, to trim their influence in the armed forces has to a certain extent infuriated them. Their discontent has recently been manifested in various forms of action.

In fact, this set of senators was appointed to serve as the supporting pillars for former prime minister Gen Suchida Khrapayun's coalition government, which was comprised of the Chat Thai, the Social Action, and the Prachakon Thai Parties. Therefore, they should support Banhan Sinlapa-acha, their former political ally.

The green light from Banhan for Gen Chawalit Yongchaiyut to reorganize the Army might cause underwater waves to reach the National Assembly on 5 October.

The only way for Class 5 graduates to prevent the "Banhan-Chawalit" government from becoming a parliamentary dictator in the future is to vote for the opposition's draft bill.

It should not be supposed that the support of the Class 5 graduates for the opposition means they are now taking sides with them. It will be a temporary alliance to weaken the power bases of the two persons and create a new power balance.

This assumption could be both right and wrong.

Senators who are Class 5 graduates are:

Gen Wimon Wongwanit, Gen Phaibun Emphan, Gen Phaibun Hongsinlak, Gen Chatchom Kanlong, Gen Charun Phunsanong, Gen Chamlaeng Uchukomon, Maj Gen Thawisak Nunphakdi, Gen Thawisit Sangsomwong, Gen Thawon Rattanawadi, Gen Prasoet Sararit, Lt Gen Phaeo Phaeophisakun, Gen Yuthana Khamdi, Lt Gen Loet Phungphak, Gen Watthana Sanphanit, Gen Charun Phunsanong, Gen Choetchai Thirathanon, Gen Thawon Rattanawadi, Gen San Siphon, Lt Gen Sakan Sathityutthakan, Gen Suthep Siwara, Lt Gen Anuphap Songsunthon, Gen Ariya Ukhotkit, Gen Itsaraphong Nunphakdi, and Gen Uam Manorat.

In addition, a number of business people, worker leaders, and government officials who were appointed to the senate by the previous regime before the Democrat-led coalition taking office are still very loyal to the former and consider the Democrat Party and its allies their permanent enemy.

However, a slight move from their leading core can also easily alter their vote.

The second group is the senators who were nominated by Chuan Likphai. They are Bandit Siriphan, Khunying Chintana Yotsunthon, Somchai Phakkhaphakwiwat, Winai Sama-un, Phisit Phakkasem, Phiraphong Itsarasena, Khunying Phatchari Wongphaithun, Wiwat Mungkandi, Phinit Arayasiri, Chatchai Bunya-anan, Wilat Singhawisai, Suphat Lipatawat, and Wahap Abdunwahap.

Nobody knows whether or not this group will vote for the draft bill sponsored by the Democrat-led opposition bloc. They might abstain from voting or simply be absent from the meeting because they do not want to antagonize anyone, for they might be reappointed after things are settled.

The two groups are an important factor that can affect the result of the voting on the legislation. Despite an anticipated victory by the government, the result of the vote will at least project a clear picture of the polarization for Prime Minister Banhan Sinlapa-acha to make an early start for the drawing up of a new list of senatorial nominees.

#### **Government Firm on Border Claims With Cambodia**

*BK0410051195 Bangkok BANGKOK POST  
in English 4 Oct 95 p 17*

[Report by Bunsong Khositthotthana from Phnom Penh]

[FBIS Transcribed Text] Thailand has remained firm on its territorial claims over the continental shelves in the Gulf of Thailand, an area also claimed by Cambodia.

Sakthip Krairoek, who ended his tenure as Thai Ambassador to Cambodia last week said senior Cambodian officials were concerned the Thai Government's stance could make it impossible for the two parties to overcome their 25-year impasse on the boundary claims.

"We simply cannot accept that the offshore area is not ours. We believe it is ours," he said, noting that talks by both sides to resolve the dispute had so far made no headway.

Phnom Penh has suggested that Thailand and Cambodia adopt a joint development area (JDA) similar to the one



Thailand and Malaysia agreed to as a measure to resolve their dispute about ownership of the southernmost part of the Gulf of Thailand.

Under a JDA, both countries declare that their continental shelf claims will instead become a joint area in which both sides will share equally in natural resource discoveries.

"We understand from past experience that going through delimitation negotiations could continue indefinitely. Cambodia seeks to overcome the 25-year impasse that has existed as a result of both sides' preoccupation with boundary claims rather than joint development," Nadi Tan, secretary-general of the Cambodian Government, has said:

To the Cambodian Government, joint economic development offers "a very practical fair and equitable way to overcome the impasse."

But Mr Sakthip, now Deputy Permanent Secretary for Foreign Affairs, said the JDA concept was not an option when the question of "overlapping" did not exist and both countries could exploit their respective water claims separately.

Poverty-stricken Cambodia is eager to develop the disputed offshore areas, geologically known to be natural gas prone, to turn its economy around.

Over the past few decades, Thailand has barred foreign petroleum prospectors, including US-based Unocal Corp, from undertaking exploration activities in the disputed area. That area lies in the central portion of the gulf.

However, Unocal has been authorised to operate several commercial gas fields in the "safe" zones of the area.

Meanwhile, western oil companies operating under Phnom Penh licences have made several gas finds in Cambodian waters close to the disputed area which encompasses tens of thousands of square kilometres.

The Thai Government has sent officials to study archives related to the boundary demarcation at Bibliotheque Nationale in France to determine whether the offshore area belongs to Thailand or really does overlap, according to Mr Sakthip.

At a meeting in Phnom Penh last week, Cambodia's Minister of Industry Peou Sothirak asked Petroleum Authority of Thailand governor Phala Sukkhawet to help speed up negotiations on the boundary disputes so that gas in the area could be used by both Cambodia and Thailand.

However, the adoption of a JDA would not necessarily mean that the territorial claims were settled. The

secretary-general of the Cambodian Government continues to insist that Cambodia's claim to the offshore area has not changed.

"We want any agreement to joint development to be 'sovereignty neutral' in the sense that no acts taking place under such a treaty could in the future prejudice the claimed rights of interest of either Cambodia or Thailand," said Mr Tan.

To date, two high-level meetings on the issue have been held. The most recent was the first meeting of the Thailand-Cambodia joint technical working group on overlapping continental shelves, held in Bangkok last July.

No date has been set for the next meeting.

#### **Officials Comment on Investment in Cambodia**

*BK0410095395 Bangkok MATICHON in Thai  
2 Oct 95 p 17*

[Unattributed report]

[FBIS Translated Text] Speaking to reporters about his meeting with Cambodia's economic ministers, Deputy Communications Minister Wanmohammatno Matha disclosed that the two sides have agreed to set up a committee in the next six months to oversee transport and communications cooperation between Thailand and Cambodia. He said the Cambodian side prefers investment from the Thai private sector rather than the state-owned State Railway of Thailand. The two countries will hold discussions on this matter in the next year. The deputy minister noted that machinery and equipment that are not being used in Thailand should be given to Cambodia. Cambodia has also asked Thailand to encourage third countries to invest in developing infrastructure and public facilities in Cambodia. It has requested assistance in developing its highway system, especially Routes No. 4 and 5, as well as the transfer of road maintenance technology. Thai military engineering units were sent to Cambodia earlier to conduct surveys for the construction of many roads.

The deputy communication minister said: "The Cambodian Government wants more Thai investors in Cambodia. It is anticipated that at least 1 million Thais will visit that country in 2000. Many Thai investors have reportedly invested in the hotel business in Cambodia. A Thai-owned hotel worth 400-500 million baht will open there soon. I was convinced by the Cambodian Government that the three Cambodian factions have put an end to their ideological conflict."

Meanwhile, Sakthip Krairoek, the Thai ambassador in Phnom Penh, said that trade and investment between



Thailand and Cambodian has been very good since the beginning of the year. Thailand is the second largest investor in Cambodia. The Cambodian Government is revising its policy and regulations to promote foreign investment. He is unsure if Thailand's IBC [International Broadcasting Corporation] Cable TV will return to operate in Cambodia. Thai investors are considering reopening the floating hotel. They have requested permission to anchor near Malaysia's casino ship. The Cambodian Government wants the floating hotel to resume operations.

#### **Narong Wongwan Seeks Tobacco Deal in Laos**

*BK0410102695 Bangkok THAN SETTHAKIT in Thai 2 Oct 95 p 10*

[FBIS Translated Text] According to a report from THAN SETTHAKIT's correspondent stationed in Vientiane, two foreign companies — Thailand's Nopphavong Company Limited and Malaysia's Haipa Company — are vying for the concession from the Government of the Lao People's Democratic Republic [LPDR] to operate tobacco factories in the LPDR. The committee appointed by the LPDR Government is expected to wind up the negotiations with the two firms and sign the contract with one of them before the end of this year.

Formerly, the Nopphavong Company, owned by Narong Wongwan, won a five-year concession from the LPDR Government for the period 1989 to 1994. The concession expired in September 1994 and was extended for three months until December 1994. However, to prevent a tobacco shortage and labor problems, the Lao Government is allowing the company to continue its production and distribution of tobacco in Laos pending the selection of a new concessionaire.

A source in the Lao tobacco industry disclosed that the benefits offered by Haipa include \$3 million gratis aid, a \$3.8 million interest-free loan carrying a repayment term of 12 years, and the purchase of 60 percent of the equity of the Lao tobacco factory worth another \$3.8 million.

In addition, Haipa will have to reserve some money to pay for machinery, buildings, and raw materials now in the possession of the Nopphavong Company and purchase new machinery to boost the factory's production. Haipa must have not less than \$20 million to ensure the profitable operation of the factory. Under the old contract, the Nopphavong Company owned 100 percent of the equity of the factory. Therefore, Haipa will have to think carefully about the requirement for the purchase of 60 percent of the equity of the factory before deciding to enter into the venture.

The source said that the four major requirements that the Nopphavong Company was unable to accept during the negotiations with the Lao Government for the renewal of the concession were: the purchase of 60 percent of the equity of the factory; additional investment capital to promote tobacco cultivation; a 20-percent increase in annual production; and a clear export target.

Since the Nopphavong Company could not accept the four requirements, the LPDR Government turned to Haipa for negotiations and the latter seemed to accept all the conditions set forth by the LPDR Government. Hence, it is expected that Haipa will win the concession. However, Haipa has reportedly asked the LPDR Government to revise certain clauses of the contract; therefore, the committee called on Nopphavong for another round of negotiations. However, it is certain that things will be settled for the signing of the contract before the end of 1995.

#### **Central Bank Urged To Make Rules Temporary**

*BK0410041995 Bangkok BANGKOK POST in English 4 Oct 95 p 30*

[Report by Sonrat Bunyamani and Cholada Ingsisawang]

[FBIS Transcribed Text] Foreign bankers have asked the Bank of Thailand to make its new rule on foreign-exchange positions only temporary, saying extended enforcement will hurt their business in Thailand.

In the long run, the rule will force foreign bank branches into direct competition with Thai banks for smaller customers and for loans denominated in baht instead of foreign currencies, one banker warned.

The central bank decided to enforce the rule on forex positions for branches of foreign banks after the Thai Bankers' Association complained that applying the rule only to local banks was unfair.

Commercial banks are required to cover at least 50 percent of their forex risk if they are undertaking activities that involve high risk. The central bank has been battling to keep a lid on credit growth, especially in non-productive sectors.

Lending affected by the rule would include credit for purchasing land, personal credit, the entertainment, industry imports of consumer goods, golf course and luxury property projects, leasing and car hire-purchase, or lending to holding companies whose main business is investment in the stock market.

This measure took effect last Sunday for new contracts. For existing contracts, the rule will take effect on January 1.



Thippaphon Koetphon, treasurer of Standard Chartered Bank, said that while foreign banks understand the current situation is associated with high risk, businesses may not be similarly informed.

However, she believes the measure would be applied only temporarily and could be relaxed after exchange-rate volatility subsides.

Adjusting their forex positions will affect lending by foreign banks, she said. Foreign bank branches in Thailand have average registered capital of one billion baht. Therefore, these policies will indirectly force borrowers to hedge against exchange-rate volatility.

Inevitably, borrowers will have to bear higher costs as they have to pay premiums for forward, swap and options. As a result, costs of borrowing US-dollar-denominated loans will be more or less equal to those of baht loans. Consequently, clients will switch to baht.

Foreign banks will have to switch to offering baht-denominated loans to maintain their market shares, said Ms Thippaphon. As well, they will have to turn to small clients to mobilise savings, increasing competition with local banks.

Foreign banks can raise capital in many ways, for example by issuing negotiable certificates of deposit. In the near future, foreign banks will be more active in this market.

A source at Sakura Bank said the forex policy had forced both Thai and overseas banks to ask clients to hedge against forex risks. Therefore the forward premium has been increased dramatically after January 1996.

Currently, the one-month forward premium is 8.5 satang per US\$1 or 4-5 percent per month. If a risk premium is included, the London Interbank Offered Rate (LIBOR) of the dollar-denominated loan would be 6.15 percent.

If this is added to the bank's margin, there would be no difference in the cost of dollar and baht loans.

Thai bankers will also feel the pinch of the central bank's policy.

Kitti Kachananda, Union Bank of Bangkok's first vice-president, said the new rule was particularly unfair to small banks.

Larger banks that have branches overseas could get around the rule by issuing out-of-country credit from overseas offices, he said.

Laem Thong Bank, Bangkok Bank of Commerce and Union Bank of Bangkok have no overseas branches.

Watchara Thunthariyanon, Thai Farmers Bank's first vice-president and Bangkok International Banking Facilities manager, said foreign banks with overseas branches, especially big banks, were not going to be hurt.

#### **Editorial Views Setbacks for Burmese Democrats**

*BK0410053695 Bangkok THE NATION in English*  
*4 Oct 95 p A4*

[Editorial: "Two Big Blows For Burmese Democrats"]

[FBIS Transcribed Text] Early this week, the Burmese ambassador to Thailand, Tin Win, in an interview with a local daily, announced that his country's military government will not discuss political reforms with opposition leader Aung San Suu Kyi. Reforms, he said, would continue to be undertaken solely by the National Convention that has been involved in the drafting of a new constitution since 1993.

When Suu Kyi was freed in early July, there were heightened expectations in Burma that her release would bring about change. Other than the National League for Democracy (NLD) leader being able to grant interviews and receive friends in her house, nothing much has happened.

Burma still faces the same dilemmas, much to the consternation of advocates of democracy in the free world.

In 1988, Burmese troops fired upon pro-democracy demonstrators, killed large numbers of unarmed protesters and set up the State Law and Order Restoration Council (Slorc). In 1990, when national elections were held, the Slorc refused to recognize the results when Suu Kyi's NLD won an overwhelming majority of seats. Today, the junta is still firmly entrenched in power and human rights abuses in Burma continue unabated.

Burma is in a state of terror and the generals, who will not hesitate to use brute force to silence dissent, are still propped up by certain countries.

Burmese democrats were dealt another blow last week when influential US Sen Mitch McConnell withdrew his controversial Senate amendment that would have imposed US sanctions on Burma and end trade benefits for countries which do business with the Slorc.

McConnell's amendment to the 1996 US Foreign Aid Bill was designed to keep pressure on the military junta to restore democracy, increase human rights protection and cooperate in anti-narcotics efforts in Asia. The amendment would have also barred American investment in Burma and travel there, and would have



required the US to end preferential trading treatment for any country which did not honour sanctions against Burma.

If the amendment had been passed by Congress, the World Bank would be required to veto loans to China if it continued to sell or ship arms to Burma. Also, US aid to Thailand would have been suspended unless Bangkok made more provisions to help Burmese students, refugees and democracy activists living in exile in Thailand.

The powerful American business lobby in Capitol Hill prevailed at the end of the day, to the extent that McConnell's own Republican Party forced him to withdraw the amendment.

So international companies will still be sniffing around Burma like hungry dogs, regardless of the fact that the Burmese people are virtual prisoners in their own homeland.

There are thousands of political prisoners in Burma today, whose names we do not know and who get no international attention, simply because they are ordinary Burmese. They are suffering and they have not been able to enjoy freedom. There are also thousands of slave labourers in Burma — the ethnic minorities who have been forcibly conscripted as human shields and porters for the army and the road-gangs working without wages for the junta along the China-Burma and Thai-Burma borders.

Aung San Suu Kyi is aware of these atrocities carried out by the junta on her fellow citizens. The only way she can repay all those who worked for her release is to work for the release of others and to continue her work for the restoration of democracy in Burma.

Hope must not be lost for Burma. The Burmese people realize the final responsibility for their fate lies in their hands. Sorrow, whether it likes it or not, is basically an occupying force in the country. And ultimately, as history has shown all occupying troops will have to go when the people rise up en masse against tyranny.

### Vietnam

#### 'Number' of MIA Remains Returned to U.S.

*BK0310161995 Hanoi VNA in English*  
1602 GMT 3 Oct 95

[“More US MIA Remains Returned” — VNA headline]

[FBIS Transcribed Text] Hanoi VNA Oct. 3 — Vietnam today returned to the US side a number of remains relating to the US servicemen reported missing in action (MIA) during the Vietnam war.

The remains were excavated by the joint search teams in the recent 37th joint search for MIAs. They were identified by Vietnamese and US forensic specialists on Sept. 29.

The remains were handed over to the US Joint Task Force Full Accounting by the Vietnam MIA Office in the presence of (?U.S.) Charge d’Affaires Desais Anderson and commander of the force in search for American MIAs in Southeast Asia Major Gen. Charles Viale.

This is the 56th time Vietnam returned MIA’s remains to the US from 1973. The US side expressed thanks to the Vietnamese Government and people and high appreciation of their humanitarian policy and effective cooperation.

#### Foreign Minister Gives Speech at UN Assembly

*BK0410011395 Hanoi VNA in English*  
1527 GMT 3 Oct 95

[FBIS Transcribed Text] Hanoi VNA Oct. 3 — Foreign Minister Nguyen Manh Cam, head of the Vietnamese delegation to attend the United Nations’ 50th anniversary, yesterday delivered a speech at the session of the UN General Assembly.

Excerpts from his speech are as follows:

This session of the General Assembly is a special occasion for us to look back at the changes in the world and the development of the United Nations over the past 50 years since the end of World War Two. From the tumultuous course of mankind’s history in those 50 years let us identify what has changed and what has not or cannot change. Only with such clear vision shall we be able to chart the path into the 21st century and find the confidence to build a United Nations that can meet the expectations of all of us...

The past half century also goes down as a shining chapter in the history of the nations’ struggle to regain national independence, sovereignty and the right to be the masters of their own destinies, to strive for well-being, freedom and equality within the world community. The world community has been following with great attention the peace process in the Middle East and welcomes the recent positive developments. Only with strong political will and respect for the fundamental national rights of the Palestinian people and the legitimate interests of all parties concerned, can lasting stability be brought to the region.

In practical reality however, the basic and universal principles of sovereignty and sovereign equality are still being ignored or violated through the unequal



and undemocratic set-up of international relations and through imposition on and interference in the internal affairs of other countries, for different reasons and with various justifications...

Nowadays, mankind has a clearer, more holistic awareness of development, peace and security. We understand better the close correlation and interaction between economic development and social development, between internal security and external security, between economic, social and military security.

Another reality of the world today, which is of far-reaching significance to each nation and individual, is the increasing role of international law, which binds nations, circumscribes and harmonizes behaviors of states through multilateral instruments and institutions. Such a role is all the more crucial in the face of the tendency to blur the boundaries between nation and international [words indistinct] as to the extra-territorial enforcement of one country's laws. Recently, international opinion has been growingly concerned about the fact that the implementation of the UN sanctions is shifting towards punishments or retribution for private political motives, in contravention to the purposes originally assigned by the UN charter. Nor can public opinion remain unconcerned by the fact that sanctions in reality affect mainly the life and health of the innocent civilian population and therefore, cannot accept the prolongation of sanctions regardless of their effectiveness and consequences. In view of this, international opinion cannot but protest the imposition of unilateral sanctions for several decades such as in the case of the embargo against Cuba. We express our sincere sympathy for the hardships experienced by the Cuban people and forcefully urge that the embargo against Cuba be lifted and that the relevant resolutions of the United Nations General Assembly be promptly and effectively implemented.

In short, fifty years after the Second World War the world offers us a scene of vivid contrasts between continuity and change, between stagnation and development, between division and integration, especially the vast and profound integration that unfolds before us under the impact of the trend towards interdependence, regionalization and globalization. Moreover, the powerful vitality and steadfast determination which drive peoples to preserve their national traditions and cultural identities demonstrate their will to safeguard from within the inevitable process of international integration, something stable and lasting, which links the present of a nation to the roots of its traditions, and the need to affirm the singularity of each society, each nation, each community and not only of each individual. The history of the past 50 years is a clear testimony thereof.

As I have mentioned, the United Nations has done some encouraging achievements for peace and development, for equality and justice. However, given the speed and scope of changes taking place in the world, it must be recognized that the UN has failed to reform and adjust itself in pace with the new situation and with the trend of the times, and thus to address the needs of nations. We are of the view that the peace-keeping operations of the United Nations must strictly observe the principle of respect for national sovereignty, territorial integrity and non-interference in the internal affairs of states, and should go hand in hand with the persevering search for a peaceful solution. The United Nations ought to draw the lessons of the successes and failures of its recent peace-keeping operations so as to better discharge the responsibility entrusted by the community of its member states. The challenge for the UN is, as it tackles the burning issues of today's world, to continue upholding the progressive spirit enshrined in its charter and to adequately implement, with due attention, both the agenda for peace and the agenda for development, overcoming the discrepancy between the desirable and the possible so that the UN can be a true representative — in the fullest sense of the term — of the expectations and interests of its members, in its structure and organisation, its agenda, mandate and mode of operation. This requires that the General Assembly plays an 'essential role' as the secretary-general reminded us in the opening of this session, namely that by virtue of the principle of 'equality between nations, large or small', it is the General Assembly which is endowed with the democratic legitimacy of our global organisation.

We agree with the overall thrust of the draft declaration on the fiftieth anniversary of the United Nations and believe that it is of special importance to reconfirm the principles of respect for independence, sovereignty and sovereign equality, territorial integrity and non-interference in the jurisdiction and the internal affairs of nations, peaceful settlement of disputes and non use of force or threat to use force. At the same time, the positive role that the UN has played and should continue to play in helping nations exercise their right to self-determination and to development should not be forgotten. The declaration should not fail to address two topical issues, one is the need of [word indistinct] that is more effective, more representative and transparent in its workings, while the other is the need for adequate resources so as to enable the UN to duly carry out its mandate. Vietnam recognizes a plain fact of everyday life which is that whoever contributes more shall be entitled to more rights. But conversely whoever has more rights will have to show greater responsibility. Therefore, the richest countries should set an example



by meeting their financial obligations in full and on time, which is of vital significance for our organization at this juncture. We particularly agree with the stress put by the draft declaration on poverty as the scourge visited upon billions of people on our planet as well as on the human person as the center of the whole development process. Those are only the preliminary observations.

In this incredibly changing world, the Asia-Pacific region in general and Southeast Asia in particular are entering a new era with profound changes and great promises for peaceful cooperation and dynamic development. Most striking is the common consciousness and efforts of the whole region directed towards building a peaceful and stable environment, conducive to the development of each country in the region and of the region as a whole. As a country in the [word indistinct] and a member of [word indistinct] Vietnam will make positive contributions toward those common objectives.

Vietnam's official membership in ASEAN since last July, Laos' and Cambodia's participation as observers and Myanmar's [Burma] accession to the Bali Treaty have opened up a prospect for further strengthening cooperation in the whole region and expanding ASEAN into an association of all 10 countries in the region. This constitutes the foundation and component factors for a Southeast Asia of peace, stability and prosperity. Together with the countries concerned, the ASEAN countries have recently held the second ASEAN Regional Forum (ARF) in which the participating countries have agreed to promote cooperation on an equal footing among all parties with appropriate steps and in the immediate [word indistinct] to step up confidence-building measures in order to consolidate peace and security in the region.

Alongside that favorable overall trend, there exist in the region potential factors of instability. The dispute in the Eastern Sea and recent developments are still a source of concern for countries both within and outside the region. Regarding this issue, we would like to reaffirm once again our position which is to settle the disputes in the Eastern Sea through peaceful negotiations in accordance with the principles contained in the Manila ASEAN declaration of 1992 which was made by the recent Brunei ASEAN ministerial meeting and in conformity with international law, especially the 1982 UN Convention on the Law of the Sea that has entered into force since the end of 1994. Pending a fundamental and lasting solution to these disputes, all parties concerned should maintain the status quo and refrain from any action that may complicate the situation further, especially [words indistinct]

For Vietnam, the year 1995 has great historic significance. As we join the international community in preparing for the 50th anniversary of the United Nations, our people are solemnly celebrating several major events, especially the 50th anniversary of our national independence. During the past half century, our people have accepted tremendous human sacrifices and material losses in order to safeguard our national independence. We have overcome innumerable tests and trials as well as extremely heavy consequences left behind by long and fierce wars in order to rebuild and develop our homeland. Thanks to the determination of a whole nation united in mind and in action our reform and renewal process which is now in its tenth year has achieved initial important results thus making it possible to move to a new stage of development, namely that of industrialization and modernization. The recent years have seen the continuous development of our economy with an average annual growth rate of 8.2 percent, an annual export increase of 20 percent, a 40 percent per year increase in foreign investment. People's living standards are steadily improving. Economic development is increasingly being linked with socio-cultural development. Our objective is to build up a strong and prosperous Vietnam with an equitable and civilized society.

Alongside our economic reform, we have carried out political reform in order to build a state governed by the rule of law, which is of the people, by the people and for the people. On the basis of our 1992 constitution, we have promulgated a series of codes and legal decrees in order to ensure more and more fully the rights and interests of all citizens and at the same time to create a firm legal basis for the governing of the country.

Those all-round achievements constitute a firm guarantee for socio-political stability and create the requisite premise for future sustainable development.

Together with reform in all aspects of social life, Vietnam has consistently pursued its foreign policy of broad openness the gist of which is to diversify and multilateralize its external relations in order to create a stable environment and favorable external conditions conducive to the task of building and defending the country, and to enhance Vietnam's position on the international arena.

To implement the above-mentioned policy, we have actively broadened our relations with countries on all continents, priority being given to the strengthening of the relations of friendship and multi-faceted cooperation with neighboring countries and those in the region, while attaching due importance to the development and improvement of relations with developed countries. Consequently, Vietnam has been able to establish diplo-



matic relations with nearly 160 countries, including all major powers and leading economic and political centers in the world. Vietnam's accession as a member of ASEAN, the signing of the agreement of cooperation with the European Union, the normalization and establishment of full diplomatic relations with the United States have all taken place in July this year not as a coincidence, but as the outcome of a whole process of implementation of a foreign policy inspired by a new spirit, namely that 'Vietnam is willing to be friend of all nations in the international community, striving for peace, national independence and development'. This provides an eloquent testimony to the correctness of our foreign policy and its consonance with the trend of our times.

Vietnam, while broadening its relations with all countries, also endeavors constantly to improve and strengthen relations with [word indistinct] inter alia, the international financial and monetary institutions, and is ready to participate in regional and global cooperation organizations. After the normalization of its relations with the International Monetary Fund (IMF), the World Bank (WB), the Asia Development Bank (ADB) and participation in the ASEAN Free Trade Area (AFTA), Vietnam is now actively preparing to join APEC [Asia-Pacific Economic Cooperation] and WTO at an appropriate time. Vietnam continues to maintain close and effective cooperation with the United Nations and specialized agencies in the UN system.

The achievements recorded in its foreign policy provide a new impetus for Vietnam to move faster in the process of regional and global integration, and to participate more effectively in the global fora and institutions with a view to tackling the pressing problems facing the entire mankind, to contribute meaningfully to the common endeavor of the international community for peace, national independence, friendship, cooperation and development.

#### **Session of Joint Commission With Iran Opens**

*BK0410014695 Hanoi VNA in English  
1602 GMT 3 Oct 95*

[FBIS Transcribed Text] Hanoi VNA Oct. 3 — The first session of the Vietnam-Iran Joint Commission was opened here today.

Leading the Vietnamese delegation to the session is Nguyen Cong Tan, minister of agriculture and food industry and chairman of the Vietnamese section of the commission and the Iranian side by 'Isa Kalantari, minister of agriculture and chairman of the Iranian section of the commission.

The session focuses on completion of necessary documents on bilateral cooperation to be signed during the forthcoming Vietnam visit by the Iranian President A. Akbar Hashemi-Rafsanjani. The cooperation documents aims to better exploit each country's potential.

#### **National Assembly Begins Session 3 Oct**

##### **Opening Session Detailed**

*BK0310154695 Hanoi Voice of Vietnam Network  
in Vietnamese 1100 GMT 3 Oct 95*

[Station correspondent's report on the opening ceremony of the Ninth National Assembly's eighth session in Hanoi on 3 October]

[FBIS Translated Text] Dear friends: the Ninth National Assembly's eighth session was solemnly opened this morning at the Ba Dinh Conference Hall in Hanoi. Attending the opening ceremony were General Secretary Do Muoi, State President Le Duc Anh, Prime Minister Vo Van Kiet, National Assembly Chairman Nong Duc Manh, and Pham Van Dong and Vo Chi Cong, advisers to the party Central Committee.

Prior to the opening of the Ninth National Assembly's eighth session, the participating deputies laid wreaths at President Ho Chi Minh's mausoleum.

The opening session began at 0830. After the military band had played the national anthem, National Assembly Chairman Nong Duc Manh delivered an opening speech. He said:

[Begin Nong Duc Manh recording] Dear National Assembly deputies: amid the jubilant atmosphere commemorating the 50th anniversary of the August Revolution and National Day nationwide, we are attending this National Assembly session with great encouragement and pride in the achievements recorded during the past 50 years of building and defending our beloved fatherland. Undergoing immeasurable hardships and sacrifices, our people have attained great achievements and remarkable feats-of-arms in the struggle to build Vietnam into a peaceful, independent, and unified nation — a nation that is continuing its renovation undertaking and is firmly advancing further along the path chosen by our party, Uncle Ho, and the people. All for the objectives of making our people prosperous, our nation powerful, and our society equitable and civilized. Our nation's glorious historical tradition has impelled our entire party, people, and armed forces to make more efforts to fulfill the 1995 tasks, the last year of the 1991-95 five-year development plan. With the fine development in the socioeconomic situation during the past nine months, it is likely that many set main targets



will be fulfilled or overfulfilled. Activities in the scientific, educational, training, cultural, information, public health, and social domains have also seen remarkable progress. National defense and security have been firmly maintained. These achievements and the consistently expanded diplomatic activities have enhanced our nation's position and strength to advance to the new developmental stage to attain national industrialization and modernization. We must strive to achieve a higher economic growth with better result and stability. While making efforts to resolve acute social issues and firmly ensuring national defense and security, we must strive to extricate our nation from poverty, improve the people's daily life, increase our national reserves, and create essential prerequisites for further development after the year 2000. [end recording]

After pointing out the tasks of the Ninth National Assembly's eighth session, Chairman Nong Duc Manh said:

[Begin Nong Duc Manh recording] Dear deputies, with the significant nature of this National Assembly session, I earnestly hope that National Assembly deputies, as representatives of the people, will strive to develop the democratic spirit to contribute many more ideas, satisfactorily carry out the session's agenda, and make correct decisions on important issues related to the national welfare and the people's livelihood. I solemnly declare the Ninth National Assembly's eighth session opened. [applause] [end recording]

Following National Assembly Chairman Nong Duc Manh's opening speech, Prime Minister Vo Van Kiet took the podium to deliver the government's report entitled: Continue the Renovation Process: Step Up the Cause of Comprehensive National Development. The report contains three parts:

1. An assessment of the socioeconomic situation in 1995, the last year of the 1991-95 five-year development plan.
2. The key tasks for socioeconomic development in 1996.
3. The major steps to be taken.

Appraising the socioeconomic situation in 1995, the government's report stressed: In 1995, our people successfully carried out many important socioeconomic tasks, thereby creating favorable conditions for the implementation of the next 1996-2000 five-year development plan. Despite numerous difficulties in the 1995 tasks, including the consequences of serious natural calamities, we have fulfilled many set development targets. The GDP growth rate reached 9.5 percent. In agriculture, grain production is likely to reach 28.4 million

tonnes. Industrial production rose by 14 percent and direct foreign investment was up by 30 percent over 1994. The people's material and spiritual life continues to improve. In particular, we have provided more assistance to poor families to develop their economic means and have created jobs for more than one million workers. The educational and public health domains have also recorded notable achievements. On the diplomatic front, our nation has been widely recognized by the world as a positive factor in regional peace and stability and as a significant partner for development.

Next, Prime Minister Vo Van Kiet said:

[Begin Vo Van Kiet recording] Even though we still have to deal with many burning issues, basically, economic development in the last five years has proved to be continuous, comprehensive, and stable, and has been the important foundation for further development. The rapid domestic development and the success in external economic activities have helped us not only overcome many difficulties but have also given us the ability to search for new opportunities for higher development. Looking at the increasingly consolidated state economic sector, the dynamic development of the multisectoral merchandise economy, the increasingly heightened role of the law-governed state that is to the people, by the people, and for the people, and the relationship between economic development and the efforts to implement social fairness and welfare, we can affirm our country's development in the period of renovation that continues along the socialist path, even though during the process we have still experienced shortcomings and weaknesses.

We can affirm that the success of the years since we started the renovation undertaking in general, and of the past five years in particular, has marked a turning point in our socioeconomic development undertaking, and is convincing evidence of the progressive character and the innovative energy of our state, a state with the people as masters and the Communist Party of Vietnam as the leader. The people's trust and close association with the leading party and the persistence in keeping to the socialist path have been consolidated. Our strengthened potential has enabled us to firmly safeguard our political regime, independence, sovereignty, and territorial integrity; and to expand our participation in the common development of the world [end recording].

Apart from the encouraging success in the implementation of the 1995 socioeconomic tasks, the government report also mentioned some deficiencies and weaknesses that need to be overcome, especially in economic development and in handling social problems. Evidence of unconcerted and ineffective use of our country's limited



resources is still rampant. The economic reserves are too low considering the pace of development and the need to upgrade our infrastructure. In the areas of budgetary, financial, monetary, and taxation management there are still many burning issues that will result in unfavorable complications if not handled in time. While pursuing a policy that encourages the development of a multisectoral economy, we have not been able to heighten the efficiency and the role of the state-managed sector to the level we expected. The individual and private economy sectors have not been appropriately guided, supported, and controlled by the state. Smuggling and corruption show no sign of declining, and social vices have not been restrained. The state management ability of the administration mechanism is not keeping pace, in various fields, with the country's development.

In the second part of the government report, Prime Minister Vo Van Kiet pointed out the major socioeconomic tasks for 1996, as follows:

[Begin Vo Van Kiet recording] As the beginning year of the 1996-2000 five-year plan, which will bring many new challenges, the year 1996 plan requires us to fulfill many vigorous targets. GDP will grow at 9.5-10 percent, agricultural production at 4.5 percent, and industrial production at 14-15 percent. Development investment will take 27 percent of GDP; revenue from taxes and fees for the national budget will increase by over 22 percent; and the total amount of products for export will increase by 25 percent. The price increase index will be kept lower, equal to the levels in 1994 or 1995. We should strive to maintain a similar development pace to the year 2000 [end recording].

After pointing out the advantages and challenges in the implementation of the 1996 socioeconomic tasks, the government report outlined the five major measures to be taken in the implementation of the 1996 plan. First, focus should be put on the establishment of a healthy financial and monetary system, and the improvement of a worrying and passive state budget. Restriction of the price rise index, refinement of the ability to control inflation, encouragement of the mobility of resources of all economic sectors to increase development investment are among other tasks. Harmonious development among regions and among major economic fields will be striven for. Development of human resources, culture, and social activities and the improvement of social welfare will be also encouraged. And last of all, we should continue the development and perfection of the law-governed and socialist state of Vietnam, push forward the administration reforms, and heighten the state management ability.

After the government report presented by Prime Minister Vo Van Kiet, in the late hours of the morning and in the afternoon, National Assembly delegates listened to Mr. Vu Mao, head of the session's secretariat, who read a report summarizing the suggestions of the people, agencies, sectors, and National Assembly delegates to the draft Civil Code.

Justice Minister Nguyen Dinh Loc was authorized by the government to read a report on the opinions of the people, sectors and echelons, and National Assembly delegates on amendments to the draft Civil Code.

Nguyen Van Yeu, deputy chairman of National Assembly's Law Committee, read a investigative report related to the draft Civil Code.

Tomorrow morning the National Assembly delegates will meet in groups to discuss the draft Civil Code.

### 3 Oct Proceedings Reported

*BK0310164195 Hanoi Voice of Vietnam Network  
in Vietnamese 1430 GMT 3 Oct 95*

[FBIS Translated Text] The Ninth National Assembly of the Socialist Republic of Vietnam held this morning, 3 October, at the Ba Dinh Conference Hall in Hanoi a solemn ceremony to open its eighth session. Before the session opened, National Assembly delegates laid a floral wreath at President Ho Chi Minh's mausoleum.

Attending the opening session were Comrade Party Central Committee General Secretary Do Muoi; Party Advisers Pham Van Dong and Vo Chi Cong; State President Le Duc Anh; Prime Minister Vo Van Kiet; National Assembly Chairman Nong Duc Manh; many high-ranking party and state leaders; and a group of veteran revolution cadres and former National Assembly delegates. Also present were representatives of foreign diplomatic missions, international organizations in Hanoi, and domestic and foreign news agencies.

At 08:30 [Hanoi time] sharp, the national anthem was played, and National Assembly Chairman Nong Duc Manh delivered his opening speech. The National Assembly then heard a report from Prime Minister Vo Van Kiet on the continuation of the renovation undertaking and the comprehensive national development plan.

Vu Mao, head of the session's secretariat read a summarized report of the opinions of the people, sectors, echelons, and National Assembly delegates on the draft Civil Code.

Justice Minister Nguyen Dinh Loc read a report, on behalf of the government, on the handling of the opinions of the people, sectors, echelon, and National



Assembly delegates on the amendments to the draft Civil Code.

Nguyen Van Yeu, deputy chairman of National Assembly's Law Committee read an investigative report of his committee on the draft Civil Code.

During the rest of the afternoon and in the evening, the National Assembly delegates discussed the draft Civil Code to prepare for the discussion in groups and in the hall.

Tomorrow, 4 October, the National Assembly will discuss the draft Civil Code in groups, and in the afternoon the delegates will discuss the draft in the hall.

#### **4 Oct Morning Proceedings Reported**

*BK0410070695 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 4 Oct 95*

[FBIS Translated Text] Groups of National Assembly deputies this morning exchanged views on the civil code bill. Many deputies held that it is necessary to promptly promulgate the civil code because the law will protect legitimate individual, organization, state, and public interests; ensure equality in law and safety in civil relations; create conditions for the fulfillment of the people's material and spiritual demands; and contribute to the acceleration of socioeconomic development.

The delegation from Lao Cai, Yen Bai, Son La, and Lai Chau national assembly deputies believe that the 14th draft bill of the civil code is quite detailed. However, there are many repetitive phrases in some articles and that these should be rewritten in a simpler style.

Apart from normal remarks on the draft civil code bill, the groups of deputies concentrated their debates on the amendment of issues presented in the civil code bill such as marriage and family relations, personal relations, and the transfer of rights on land use.

Deputies from the Kien Giang and Minh Hai group said we already have the Law on Marriage and the Law on Land at present. Therefore, it is not necessary to list the details of every article of these laws, and that only the most common points of these laws in the civil code should be mentioned.

The deputies will debate the civil draft bill in the Ba Dinh Conference Hall this afternoon.

#### **Official Interviewed on Urban Development**

*BK0410141895 Hanoi VIETNAM ECONOMIC TIMES in English Sep 95 pp 12-13*

[Interview with Pham Si Liem, vice minister of construction, by an unidentified correspondent; place and date not given]

[FBIS Transcribed Text] [VIETNAM ECONOMIC TIMES] With the lifting of the ban on building on rice lands do you expect an increase in development projects in the suburbs surrounding Hanoi and Ho Chi Minh City?

[Pham] The government's policy on urban expansion bans construction on cultivable land, especially on rice land. So with the expansion of the cities, we must plan ahead to spare land under cultivation. We are thinking about building tower blocks like those in Hong Kong or Singapore to save more land for the factories. Such buildings are planned for areas outside the city centres. However, construction near residential areas will be convenient for people wanting to live near their workplace, and housing development will be done through local projects. At the moment land is given to people to build their own homes. But currently richer people are building three- to four-storey houses, while those with less money can only make do with one floor. This results in disorganisation and causes land waste and unsightly architecture.

[VIETNAM ECONOMIC TIMES] How will this housing be controlled?

[Pham] We are establishing many housing development companies in Ho Chi Minh City. This means that construction of people's homes is being organised into projects to be carried out by housing development companies. In the future, Hanoi, Ho Chi Minh City and other cities will inevitably expand, and obviously some cultivable land will disappear. The government has recently given 6,000 ha [hectares] of land for an industrial and service development in Hanoi.

[VIETNAM ECONOMIC TIMES] There are currently many hotel and office construction projects in Hanoi and Ho Chi Minh City. Do you think there are still investment opportunities for other property developers?

[Pham] We can not say that there are too many office apartments and hotels in Hanoi and Ho Chi Minh City. Evidence suggests that rents for offices and hotels in both cities are still very high compared with other countries in the region. So we need to build more hotels and offices to meet this demand. This will result in a lowering of rents.



[VIETNAM ECONOMIC TIMES] It seems that Hanoi is under more pressure than Ho Chi Minh City.

[Pham] Yes, that's right. In Ho Chi Minh City, the suburbs are far larger and the land is no good for cultivation. People started to move to the suburbs several years ago, consequently the population density per square kilometre in Ho Chi Minh City is lower than in Hanoi. Also Hanoi could not expand because of the lack of roads out of the city.

[VIETNAM ECONOMIC TIMES] In Ho Chi Minh City there are buildings under construction that will be up to 20 storeys high. What about Hanoi?

[Pham] We will allow high-rise buildings, but only in certain areas. Hanoi has three distinct quarters. In the Old Quarter and the French Quarter high-rise buildings will not be allowed. The third quarter consists of newly developed areas like in Hai Ba Trung district. Here high-rise construction can go ahead. For example, in Ba Dinh District there will be the Daewoo Hotel. There is also the Hanoi International Technology Center (HITC) which recently opened. In the future we will expand the city to the west and open new city centres where buildings are expected to be over 20 storeys high.

[VIETNAM ECONOMIC TIMES] Is there a model or example of a city in Asia that you feel is useful to study when deciding how to handle the expansion of Hanoi and Ho Chi Minh City?

[Pham] We can learn some lessons and also avoid the problems associated with other Asian cities. Kuala Lumpur is a good example of urban development in terms of environment. But there are aspects in such cities that make us think twice. In Singapore, urban development has wiped out most of its heritage. So what they're doing now is trying to rebuild what they've destroyed.

[VIETNAM ECONOMIC TIMES] Critics say city planners have yet to develop a master plan for city development.

[Pham] There have been master plans for all the cities in Vietnam. However, when we started working on the master plans, we knew very little about market economics. With the economy growing so fast such planning becomes unsuitable. So we have to focus on updating the plans. At the recent construction exhibition in Giang Vo, Hanoi, we displayed the master plans of most of our cities.

[VIETNAM ECONOMIC TIMES] How do you intend to approach the problems of urban expansion while seeking to improve living standards?

[Pham] We have two types of projects: one is for city improvement and the other is for city expansion. The city improvement projects are for the rehabilitation of houses; houses may be replaced by better ones. The city expansion projects focus on areas with no houses. For example, in Ho Chi Minh City a cemetery has been cleared for new living space and the graves moved to another site. Another project was to build the New World Hotel in the location of an old railway station.

[VIETNAM ECONOMIC TIMES] For the new outlying areas being developed such as Song Hong City in Hanoi and Thu Thiem in Ho Chi Minh City, if there is no infrastructure how can you expect investors to develop the property? What is the responsibility of the state and what is the responsibility of the investor in these new city centres?

[Pham] The government is responsible for the infrastructure in the areas we intend to develop. The government has to have a policy for infrastructure planning and has to invest in this. But we have to attract investment from domestic and foreign economic sectors in infrastructure management so infrastructure development must go hand in hand with development. They must interact in the same project. For example, a project for a new industrial zone must involve infrastructure development, but when cultivable land is being developed land prices skyrocket, maybe 40 or 50 times higher than their former prices. In this way we can get the money to afford infrastructure development.

[VIETNAM ECONOMIC TIMES] The Vietnamese press often derides Ho Chi Minh City as becoming a second Bangkok. Yet Bangkok is largely responsible for the growth of Thailand's economy. Can Ho Chi Minh City copy the economic success of Bangkok while avoiding the pitfalls?

[Pham] Ho Chi Minh City is considered the country's economic centre. The development of the city will give momentum for the development of southern Vietnam. Bangkok is facing problems of traffic and environmental pollution. The traffic congestion in Ho Chi Minh City has not yet proved too serious. We are looking at underground metro and light railway projects for the city. Some foreign companies have made proposals, but we have to consider this matter carefully because such projects can not be decided overnight. To solve the environment problems, in Ho Chi Minh City they have started the rehabilitation of the 16 km Nhieu Loc-Thi Nghe canal. At the moment the canal is so filthy that water can no longer flow but stagnates, causing severe pollution. So what we have to do is dredge the canal and relocate the people living in slums on the canal.



[VIETNAM ECONOMIC TIMES] In Ho Chi Minh City the Saigon South development project has the support of several government leaders including the Prime Minister. However, some property analysts are saying that if there is a bridge built between central Saigon and Thu Thiem, the Saigon South project will probably not be developed. Do you agree with this scenario? What is the current status of the Thu Thiem bridge?

[Pham] We have plans to build a bridge to Thu Thiem to develop the area. The bridge will not only help expand Saigon but also shorten the access from Saigon to Vung Tau port. We need access to the Tan Thuan Export Processing Zone. For this a new road must be built. The problem is that new roads always result in a mass of haphazard construction by local people. If there is no thorough planning for this the area will become a disorganised city centre. So homes must be built in a well-planned way and in this way a new well-organised city centre will be created. That is the Saigon South project.

#### **Light Industries Minister Outlines Growth Target**

*BK0410115295 Hanoi VNA in English*  
0948 GMT 4 Oct 95

[FBIS Transcribed Text] Hanoi VNA October 4 — Light industries must attain average annual growth rates of 14 percent (centrally-managed industries: 15-16 percent) as the entire country strives to increase its GDP in 2000 by 2-2.5 times in comparison with 1990 and build the premises for steady development thereafter.

According to the Minister for Light Industries Dang Vu Chu, from 1991 to 1995, light industry grew by 11.55 percent annually, with the growth of the centrally managed state sector at 18.05 percent. Several products have been improved both in quantity and quality, with better packaging and more attractive appearances, to meet the demand of local and foreign markets.

Overriding the consequences of the sudden disintegration of traditional markets in the (former) Soviet Union and Eastern Europe, Vietnam's light industries have successfully turned to new markets and increased export turnover by 20 percent-plus annually.

The workforce has been restructured to meet the new demands placed on the industry. More than 1.5 million workers, previously employed by 500 state enterprises, now work in nearly 300,000 joint stock and limited liability companies, handicraft work teams, production households, private businesses, 480 joint ventures and 100 percent foreign-invested companies, with total capital of over USD [U.S. dollars] 2.9 billion.

The measures that must be taken in order to attain these goals are:

- To develop the human resources by the training of specialists and workers both at home and abroad so that they can grasp modern technology and techniques in production, management and engineering.

- To accelerate the process of equitisation of state enterprises with the aim of improving technology and accumulating investment capital. The target for 2000 is USD 2.5-3 billion.

- To continue to reform the current administrative system to suit the new market conditions. State enterprises must be permitted to be self-governing without directives from the ministry or interference from local government.

#### **Oil, Gas Corporation Overfulfills Plan**

*BK0410111195 Hanoi VNA in English*  
1004 GMT 4 Oct 95

[FBIS Transcribed Text] Hanoi VNA Oct. 4 — Vietnam's oil and gas corporation exploited nearly 5.8 million tonnes of crude oil, in the first nine months of this year, an increase of 132,000 tonnes over its plan.

Vietsovpetro (a joint venture between Vietnam and Russia) remains the strongest oil exploiter in the country with 4.9 million tonnes of crude pumped from the Bach Ho (White Tiger) Oil Field and 800,000 tonnes from the Rong (Dragon) Oil Field.

At present, Vietsovpetro is making active preparations to continue exploiting crude oil in order to ensure the fulfilment of its yearly target.

#### **Socialist Orientation Discussed**

*952E0104A Hanoi NHAN DAN in Vietnamese*  
2, 3 Aug 95

[Article by To Buu Giam]

[2 Aug 95, p 3]

[FBIS Translated Text] Our present path is to continue the renovation movement and to advance to socialism. The Midterm National Conference of Delegates, 7th Term, of the CPV mentioned four challenges that pose a threat, one of which is the threat of social deviations unless steps are taken to correct the mistakes in the positions and policies and in implementing things.

Regarding this threat, a number of people say that:

"People talk about a socialist orientation, but what is that exactly and how do we know if we are moving in the right direction?"



"During the national democratic revolution, the target was very clear: national independence and democracy for the people. Our struggle was aimed at defeating the French and American imperialists in order to liberate the country. Now, we are moving toward socialism at a time when the socialist countries in Eastern Europe and the Soviet Union have collapsed. Thus, to talk about straying from the socialist path is unreal."

"On one hand, people are calling for a multi-faceted economy, but on the other hand, they are saying that we must have a socialist orientation. That is not logical."

Others say: "Let's not talk about the capitalist path or the socialist path. Let's just develop the economy. If we have a large number of commodities at low prices, that will be great. Let's do that first. Life will show us what path we should take."

I have a few thoughts on the above ideas:

It's correct that during the national democratic revolution, the target of the revolution as put forth by the party was very clear: independence for the nation, land for the farmers, and mass forces. In order to assemble people's forces to attack the imperialists, liberate the nation, and free the country from slavery, there were times when the party dropped the slogans concerning land, posed the issues of reducing rents and interest, accepted the existing landlords, and gradually provided land to the landless peasants. But it never abandoned the requirement: land for the farmers.

The resistances against France and the United States ended in victory. Our country, which is now at peace and which is independent and unified, is now entering a new stage of the revolution.

Now, what targets must our people strive to hit? What direction should we follow and what specific steps should be taken?

As the leading organization and as the leader of the people for almost 50 years (1930-1975), the CPV bears a heavy and glorious responsibility in setting the targets and orientation for our revolution and people. It cannot allow the situation to change spontaneously.

Should we follow the capitalist path?

There is a country that is considered civilized and rich and that is a symbol for all the bourgeois democracies of the Free World. But out of a population of more than 200 million, 60 million people live in poverty and 6 million people are homeless. In that country, just 5 percent of the people own 50 percent of the wealth. In that country, skyscrapers stand next to rat-infested houses. In that society, a high percentage of the people are illiterate, and there are 10 million unmarried

mothers. In the schools, a crime is committed every 6 seconds, and in the primary schools, students must carry a weapon in order to protect themselves. (L'EXPRESS, No 228, January 1995) Is that the kind of society that we want to build?

Should we follow the socialist path using the model of the former Soviet Union?

Certainly, no one would subscribe to building socialism based on that model in total. That is because the conditions of the Soviet Union, which survived and expanded for more than 70 years, in building socialism following the October 1917 revolution were different from those of Vietnam when we began building the country and carrying on renovation with a socialist orientation. Both the achievements and shortcomings in the socialist model in the former Soviet Union and East European countries have taught us lessons and enabled us to remain independent instead of copying others and adhering to a rigid model.

We must think and build a new social model for Vietnam and move forward along Vietnam's path based on making creative use of Marxism-Leninism and Ho Chi Minh thought on socialism. We must examine the experiences and lessons of other socialist countries and review the realities in building the country during the past several decades.

The formula that many people approve of is to do everything possible to have a "prosperous people, strong country, and just and civilized society" in Vietnam.

In my view, that correct target needs to be embellished somewhat: "A prosperous people, strong country, and just and civilized society" with a socialist orientation. As stated in the Program "To build the Country During the Transition to Socialism" that was adopted at the 7th National Congress of Party Delegates in June 1991, "To hit the target of having a prosperous people and strong country on the socialist path, the most important thing is to improve the socio-economic situation and defeat those forces that are trying to prevent us from hitting that target, particularly those enemies who oppose national independence and socialism."

It's very important to add the words "socialist orientation" or "on the socialist path" because:

We want a prosperous people, but to whom does that refer? In a society in which the people are the masters and the regime is of the people, by the people, and for the people, we cannot tolerate a situation in which only a small number of people are very wealthy while others live in poverty, which was the situation during the colonial period.



As for social justice, how can there be real justice if people are still being exploited and oppressed, if the weak must give in to the strong, and if money is regarded as "king."

For the above reasons, adding the worlds "with a socialist orientation" will bring the target of Vietnam's revolution into sharper focus.

Accepting a multi-faceted economy, which includes a private economy, a cooperative economy, joint ventures with other countries, foreign investment, and so on means accepting exploitation, owners, and laborers. Accepting a market economy mechanism means accepting competition and a gap between the rich and the poor.

Because of this, to keep the gap between the rich and the poor and between the laborers (usually the great majority of people) and the owners from growing too wide, there must be a socialist orientation. The basic principle of socialism is that everyone must work. Everyone must have food, clothing, an education, and access to medical treatment. There must be movement from simply having sufficient food, clothing, and education to survive to having a prosperous life and high educational standards in keeping with the development of world civilization. People must develop in all respects and manifest their capabilities to serve society and the people, which includes them. Isn't it obvious that the movements to eliminate poverty, build houses for the families of war dead and disabled soldiers and those who scored achievements for the revolution, and bestow the title Heroic Mother of Vietnam and provide life-long subsidies to those women, movements that manifest the loyalty of the party and state and our people, are manifestations of a socialist orientation?

Recently, some people have said that we should stop talking about socialism. They think that that is just a dream and an illusion. They have used the collapse of the Soviet Union after more than 70 years of socialist construction and the fact that East Germany is very backward as compared with West Germany as proof that capitalism is superior to socialism.

It's true that the bureaucratic centralism and state subsidies system, the command economy directed by the Central Planning Commission, which imposed things on lower echelons, the closed-door situation and isolation from other countries, in which people thought that they were the "whole world," the mechanical use of the wartime economic construction model during the decades following the Second World War, and so on resulted in the socialist countries, led by the Soviet Union, falling behind the capitalist countries. Their economic growth rate was slow, and in commodity

production, quality was poor and labor productivity was low.

But is that reason to say that capitalism is superior to socialism? The socialist countries have been sluggish, but that doesn't mean that there isn't anything good about them. The best thing, according to these theorists, would be to abandon that illusion, which has been a nightmare for the people in the socialist countries.

I do not think that such statements are fair.

No one, no matter how evil their intentions may be, can deny one historical truth: After the October 1917 Revolution, the Soviet Union suffered years of civil war, it was encircled and blockaded by 14 imperialist countries, and it suffered great destruction: Agricultural production in 1920 was equal to only 49 percent as compared with that in 1913, the year before the war, and industrial output was equal to only 14 percent of that in 1913. But the Soviet Union stood firm in the face of the wave of Fascist Germany, which was crushing Europe. Finally, the Soviet Union succeeded in defeating the powerful army of Hitler, who had mobilized all the people and resources of the occupied countries to attack the Soviet Union, the first socialist country to come into being following the October 1917 revolution.

What cannot be refuted is that after just 40 years (which included 3 years of civil war, 4 years of war against a powerful army, and the years that it took to restore the economy), the Soviet Union was the first country to launch an artificial satellite (4 October 1957). And just 4 years after that (12 April 1961), it was the first country to send a manned spacecraft into orbit, with Y. Gagarin being the first man into space. At that time, the United States and the other Western countries, which had been in existence for more than 300 years, had not been able to do that.

Something else that shows the superiority of socialism after the success of the October 1917 revolution was that in the Soviet Union, 70 percent of the Russian people were illiterate, 99 percent of the people in Central Asia were illiterate, and many ethnic minority peoples did not have a written language. But by 1987 (the 70th anniversary of the October Revolution), 85 percent of the laboring people, that is, 152 million people, had graduated from college or middle school. The Central Asian republics have virtually eliminated illiteracy and have academies, teachers, and people who have earned their Ph.D. and M.A. degrees. Each year, 2 billion books are printed (8 books per person). Books are published in 72 different languages, and literary works are published in such minority group languages as the "Xoa Mi" and "Iren-men" languages (there are only about 4,000 members of each of these ethnic minority groups).



As for public health, in the former Soviet Union there are 43.8 doctors per 10,000 people as compared with only 23.4 in the United States and 14.6 in England. Yet those countries frequently boast that they are democratic and that they are very concerned about the people in the country.

Something else to think about is the fact that there are 12 million unemployed people in the United States. In Europe, there are 10 million unemployed, and in Japan, there are 3 million. But in the former Soviet Union, the people there have the right to work and they have jobs. Each year, 100 million people receive physical examinations, and each year, each worker is allowed to take a winter or summer vacation at a trade union resort or recuperation center (usually 15 days; 48 days for those in dangerous occupations). Even more attention is given to children. They are given priority when it comes to food and shelter, education, and wholesome recreation. More than 14 million children are being cared for in day nurseries, most of which are subsidized by the state (parents pay only 15-20 percent of the cost). In contrast, in California in the United States, each year, 250,000 young people commit murders and armed robberies (in the book "A Better World for Our Children" by Dr. Benjamin Spock).

That is the situation in the former Soviet Union, the home of Lenin. But what about East Germany, the home of Marx?

Talking only about economic achievements and not saying anything about cultural and social achievements, particularly achievements in the field of sports, even though the Germany Democratic Republic, which was called East Germany for short, was unfairly forced to pay war reparations of more than 400 billion marks (80 percent of the reparations, with West Germany having to pay only 20 percent), during the 40 years of its existence (comparing data for 1949 with data for 1988), it quickly built up the country, increasing the country's fixed assets from 228 billion marks to 11,202 billion marks, an increase of 49 times, increasing economic investment from 3.8 billion marks to 77 billion marks, an increase of 20 times, and increasing the amount of foreign trade from 2.7 billion marks to 177 billion marks (of which 49 billion marks was accounted for by trade with capitalist countries), an increase of 65 times.

Based on the above, it can be said that socialism has great vitality. It cannot be said that the socialist countries in the Soviet Union and East Europe lacked advantages. As for why they collapsed, besides the fact that people there acted in a conservative, sluggish, mechanical, and bureaucratic manner and long maintained a management system that was no longer suitable, with this hampering

the development of society, another very important reason is the betrayal by a number of key leaders in the party and state apparatus, who destroyed the system from within. They talked about advancing the country and people to what they called "democratic freedom based on the model of the capitalist countries," but in the end, they brought disaster to their country. The lives of the people there have not improved; instead, their lives are much worse. There has been a loss of security and order, social evils are on the rise, and there is no longer any solidarity among the people. There are disputes and robberies, and the strong lord it over the weak. The various ethnic minorities, who used to live in harmony and who worked together against fascist aggression to defend their territory are now fighting each other. This is a tragedy that now torments those who once lived under the Soviet system. Instead of the word tragedy, a more correct term for this is "calamity." The 3d Congress of the Communist Party of the Russian Federation was held on 21 and 22 January 1995 in Moscow. In its political report, it made the following self-criticism:

"...was a communist party that contributed its best people to the fatherland and people. But it has been completely transformed and become a bureaucratic party that has betrayed the nation. Now, it has removed its mask and formed an alliance with the bourgeoisie and destroyed the Soviet Union. The mistake made by honest Russian communists is that they coexisted with these traitors within a unified organization...."

The price that the people have had to pay for the collapse of the Soviet Union, a collapse that was caused by traitors within and by the mistakes made in keeping the outmoded bureaucratic centralism and state subsidies mechanism, was discussed by the economist Philips Hanson in SURVIVAL, No 3, 1994:

"The Russian Ministry of Labor estimates that by the end of 1992, about 4 percent of the population was composed of people who have grown rich by relying on the mafia or their positions. The middle class accounts for approximately 10-15 percent of the population, the poor account for 30-35 percent, and the very poor account for 40-45 percent. The recent population decline indicates that poverty and instability in society are very serious. The standard of living of the great majority of people is 40 percent worse than it was during the communist period...."

Thus, to be fair, it can be said that the socialist system is by nature a wonderful system. Its goal is to bring happiness to the people in society. In implementing this in the Soviet Union and the socialist countries in East Europe, leaders in those countries exhibited many



serious shortcomings. They even made mistakes and committed crimes.

But from this, we cannot deny all the things that manifest the superiority of socialism. We can't throw the baby out along with the dirty bath water.

Using both the successful and unsuccessful experiences of those countries that have gone before us in building socialism and based on our country's realities, the CPV has outlined a socialist model in Vietnam with its own special characteristics (naturally, this is a general outline that must be concretized very carefully). This is:

"One society.

The laboring people are the masters.

It has a highly developed economy based on a modern production force and a system of public ownership of the main means of production.

It has a progressive culture imbued with the national color.

The people are free from oppression, exploitation, and injustice. They can work according to their abilities and are paid according to their labor. They live prosperous, free, and happy lives and can develop themselves in all respects.

All people in the country are equal, there is solidarity, and the people will help each other so that all can advance.

The country has friendly and cooperative relations with all countries in the world."

These are the special characteristics of socialism in Vietnam. Going against these points means straying away from socialism.

[3 Aug 95 p 3]

[FBIS Translated Text] A number of people have said that "the reason why there are problems in setting a socialist orientation or building socialism in Vietnam is that Marxism-Leninism is a foreign ideology that was imported into the country." They say:

"Marxism was formulated based on rudimentary capitalism in Western Europe, and it was expanded and developed in Russia and Eastern Europe. It is completely foreign to Eastern cultural and ethical traditions."

"The realities of the past decade show that Marxism-Leninism held a controlling position in the cultural and spiritual life and ideological system of the Soviet Union and the East European socialist countries. But the people in those countries have rejected it because it is "foreign" and not in accord with reality. How can

Vietnam promote this as 'scientific and revolutionary' and an 'invincible truth?'"

To start, I would like to discuss the word "foreign."

Everyone knows that mountains, jungles, the open sea, and customs barriers can hinder people and commodities from entering a country. But how can you prevent ideological ideas, religious views, and cultural trends from entering a country? Buddhism from India, Catholicism from Western Europe, Mohammedanism from Arabia, and Confucianism and Taoism from China are not at all foreign to our people.

The question is, do those ideological and religious ideas have vitality and can they conquer the hearts and minds of the people?

Marxism-Leninism entered Vietnam along many routes following the victorious Russian October Revolution, and it was clarified in the writings of Nguyen Ai Quoc, who had spent years travelling to various places in the world in search of a way to save the country.

It's true that the countries in Asia, Europe, Africa, America, and the Pacific have special characteristics in terms of their geography, arable land, weather, climate, level of economic, cultural, and social development, and customs. But in one respect, they are all alike. That is, ever since society divided into classes, in all countries there have been people who have exploited and oppressed others and poor people who have been oppressed and exploited.

If Buddhism, Catholicism, Confucianism, Taoism, and Islam, which were imported into Vietnam, have managed to survive here, why must Marxism-Leninism, which is a revolutionary ideology, be rejected?

Buddhism and Catholicism teach that man is subject to birth, sickness, old age, and death and must suffer social oppression. They have pointed out that the way to escape this is to lead a religious life and that people will then be rewarded after they die. They will return to the source of all bliss, or go to heaven, and not go to hell. Thus, why should people reject Marxism-Leninism, which wants to free people from oppression and injustice and bring them a happy life while they are still alive?

The scientific and revolutionary nature of a theory or ideology does not mean that it must originate in an Eastern or Western country for it to be capable of satisfying the urgent needs of people.

The goal of Marxism-Leninism is to help people. It has provided people with a way to deal with social injustice, oppression, and exploitation, become free, develop in all



respects, and achieve happiness. Thus, wherever there is oppression, exploitation, and social injustice, there is a basis for Marxism-Leninism to survive and manifest an effect there.

Some people say that "Marxism-Leninism was suitable only for developing capitalist countries (during the time of Marx and Engels) and imperialistic countries (during the time of Lenin) and that was is not suitable for backward agricultural countries or semi-feudal colonies such as Vietnam. Moreover, there is no passage in any of the classics of Marxism-Leninism that points out a revolutionary path by which these countries can advance to socialism." In response, I would like to remind these people of a famous statement made by Marx in the preface to the Communist Manifesto, which was published in the German language in 1872: "his manifesto clearly explains that in all places and at all times, the application of these principles is dependent on the historical situation at that moment. Because of that, people should not adhere rigidly to the revolutionary methods mentioned in Part II." And Lenin said that "we don't expect Marx or any adherent of Marxism to understand every specific aspect of the path to socialism. That would be unreasonable. All we know is the direction of that path and the class forces that will take that path. As for the specifics and what will actually happen as we tread that path, the experiences of millions of people will clarify things once they begin taking action."

Thus, Marx and Lenin both said that each country and people will point out guidelines for advancing to socialism based on their own experiences and the special characteristics of their country and people.

No country has to follow the experiences of another country or adhere strictly to the fundamentals of Marxism-Leninism.

As for the specific path taken by the Vietnamese revolution, the CPV pointed out that: First of all, we must wage a national democratic revolution, win national independence, and implement a people's democracy, with the key problem being land for the peasants. Following that, there will be a transition to building a material base for socialism and building socialism, the first stage of communism, which is a higher and better economic and social form than capitalism.

It's true that the Soviet Union and the socialist countries in East Europe have collapsed. But that is no reason to say that Marxist-Leninist theory on socialism is incorrect. As Lenin frequently said, the revolutionary path is not flat or straight like Nevskiy Boulevard (a nice road in the former Leningrad) but winding. Sometimes,

you will feel that you are going backwards but you will continue to advance.

The successes and defeats of the revolutionary movements in various countries over the years have shown that this is true. In France, the bourgeois revolution in 1789 led to the establishment of the First Republic, which later collapsed. From 1789 to 1995, a period of more than 200 years, republics have been replaced by monarchies, which have in turn been replaced by republics. France has experienced many ups and downs. This is now the time of the Fifth Republic.

As for the steps to be taken during the proletarian revolution, Marx made various observations that proved to be quite prophetic: "Proletarian revolutions frequently engage in self-criticism, bring activities to a halt, and then reverse themselves in order to start anew. They criticize corruption and their weaknesses, base nature, and plots. It seems that those revolutions have toppled the enemy only to enable the enemy to regain his strength and confront those in his way. Those revolutions always retreat in the face of their enormous objectives until something happens that makes it impossible for them to retreat any further. The situation will cry out 'Hic Phodus! Hic Salte!'" (Roses. Keep dancing) (Marx-Engels, "Collected Works," Volume II, Su That Publishing House, page 392) And, "the working class will advance slowly, at times wavering and groping, and occasionally failing. In a number of places, it will have serious doubts about socialism while the people gradually assimilate the nature of this ideology." (Ibid., volume V, page 560)

Today, in the countries of the former Soviet Union and the former socialist countries of East Europe, through their own experiences, the people are aware of the "good prospects" as portrayed by the propaganda apparatus of the imperialist countries. Through their own misery and suffering, they have examined those promises concerning happiness and freedom. They can compare life today with the former social system and have expressed their attitude by voting for communist party members in elections for parliament in various countries and for the Duma in Russia.

Leading cadres and communist party members have regained consciousness and realized their mistakes. They are assembling forces, rebuilding the party organizations, again using the name "communist party," and striving to restore the Union of Soviet Socialist Republics with a unified leading party, the Communist Party of the Soviet Union (according to the resolution of the 30th Congress of the League of Communist Parties-Communist Party of the Soviet Union held in July 1995).



As an ideological system, naturally Marxism-Leninism and Ho Chi Minh Thought cannot force everyone to adhere to this system. This is a science on revolution to liberate society and free mankind. Understanding and applying this is a process of achieving a level of self-consciousness. Thus, the communist party in power must strive to popularize Marxism-Leninism and Ho Chi Minh Thought and educate cadres, party members, and the masses about this ideological system.

For almost 70 years, the CPV has led all the people in liberating the nation and building the country with a socialist orientation. During the many stages, there have been ups and downs, political struggles and armed struggles, and political and armed struggles carried on simultaneously. There have been uprisings and victories. There have been times when it has been necessary to use armed forces to wage a revolutionary war and times when we have had to both fight and negotiate. There have been times when we have had to engage in close combat in all three strategic regions. And there have been times of resistance and times of building the country during peacetime. During all those times, the CPV, with its wealth of experience in applying Marxism-Leninism and Ho Chi Minh Thought, was responsible for solidifying Marxism-Leninism and Ho Chi Minh Thought and making these the ideological foundation and compass for action on the revolutionary path.

Some people may not agree and may not approve of Marxism-Leninism and Ho Chi Minh Thought, but that is no reason to say that the Vietnamese people do not need that guiding ideology and that they have rejected that ideology.

A rejection of Marxism-Leninism and Ho Chi Minh Thought cannot be accepted in the ranks of the CPV. As members of the CPV, party members must make sacrifices and struggle to implement communism based on Marxism-Leninism and Ho Chi Minh Thought. They must do this, because joining the party is voluntary. Those who join the party have all said that they have studied and approve of the party's program and statutes, that they will adhere to the party's organizational principle of democratic centralism, and that they will carry out the party's lines as stated in the statutes of the CPV.

As communist party members, besides being absolutely loyal to the party's ideals and resolutely carrying out the party's domestic and foreign lines and policies, each party member must "participate in formulating and defending the lines, policies, and organization of the party, maintain discipline, maintain solidarity within the party, regularly engage in self-criticism and criticism, be

loyal to the party, and spread propaganda to develop the party's image." (Point 4, Article 2, Party Statutes, 7th Term, pages 7, 8)

It's common for people in the party to hold different opinions. It is essential to discuss and debate things in order to clarify the issues and increase the all-around knowledge of the party. While those various ideas need to be heard, they must be based on the party's program and statutes, and they must be expressed in a constructive spirit aimed at hitting the party's highest target, which is to implement communist ideals, build a prosperous, strong, civilized, and progressive country, build a truly just society that is free of oppression and exploitation, in which everyone is prosperous and happy, and a society that fully manifests the capabilities of each person in the common cause of the entire nation, and build a society in which "everything is for man and for the happiness of man."

Based on the above, I would like to draw a few conclusions in order to respond to the viewpoints mentioned at the beginning of this article:

1. After winning independence and unifying the fatherland, the Vietnamese people must continue advancing toward a clear target and take suitable steps in order to bring about prosperity and happiness.

This target must be clearly affirmed. We cannot focus just on solving the immediate problems and not have a clear picture of where we are going. The target of our country's revolution is socialism, not capitalism.

2. In the future, Vietnamese society will be a socialist society. This is a just society. Each person must work and have a job. No one may oppress or exploit other people. Everyone will be protected, and everyone will be provided with medical care. Everyone will have enough food and clothing. Everyone will be able to attend school, develop themselves physically, intellectually, morally, and artistically, manifest their capabilities, and interact with others based on a spirit of "each for all and all for each." Together, people must contribute to building a prosperous, beautiful, strong, civilized, and progressive Vietnam with a modern science and technology that can stand shoulder to shoulder with the other advanced civilized countries in the world.

A model for building socialism in Vietnam has already been drawn. The basic characteristics of Vietnamese socialism and the next steps in Vietnam's revolution were clearly stated in the CPV Program, which was passed at the 7th National Congress of Party Delegates. Based on the basic characteristics, our responsibility is to concretize these things in the work practices of each



person. A revolution is creative. The truth is concrete. We cannot sit by idly waiting for things to get done. And we cannot wait for or copy others.

3. On the revolutionary path, the party and state are encouraging the development of a multi-faceted economy and use of market mechanisms. This is not aimed at taking the capitalist path. Rather, the party is doing this for the reasons discussed above.

A multifaceted economy is an objective reality and necessary feature of an economy during the period of transition to socialism. Commodity production and markets, with their mechanisms, are not products of capitalism but the common fruit of the development of human society.

In Vietnam's present multifaceted economy, there is a state economy, a collective economy, a private economy, a private capitalist economy, public-private enterprises, joint ventures between domestic and foreign corporations, and so on. The state is responsible for fully exploiting the potential and capabilities of the various economic elements based on a socialist orientation. Specifically, the state-operated economic bases must be solidified and strengthened so that they can operate effectively, play their guiding role in the state economy, stimulate the share corporations and state capitalist corporations to grow and carry on business in accord with the laws of the state and implement the stipulations concerning wages and labor insurance, limit the gap between the rich and the poor, and stabilize the material and spiritual lives of the people.

Based on this multifaceted economy, which is developing with a socialist orientation, we are building a state that is really of the people, by the people, and for the people. This is quite rational. There is nothing illogical about this.

4. With the credentials of the "vanguard unit of the Vietnamese working class and loyal representative of the interests of the working class, laboring people, and entire nation, during the past 65 years, the CPV has led the people in "carrying out the victorious August Revolution, waging successful resistances against aggressors, eliminating feudal colonialism, completing the task of liberating the nation and unifying the country, and defending the independence of the fatherland." It will certainly fulfill its glorious mission of preserving national independence, carrying out the renovation movement successfully, bringing about a prosperous people, strong country, and just and civilized society having a socialist orientation, and realizing communist ideals in Vietnam.

#### Official Notes Favorable Time for Foreign Affairs

952E0109A Hanoi TUAN BAO QUOC TE  
in Vietnamese 24-30 Aug 95 pp 1, 15

[Speech by Vice Premier Phan Van Khai at the Seminar on 50 Years of Vietnamese Diplomacy in Hanoi on 22 August: "Diplomatic Activities Are in the Most Favorable Situation Ever"]

[FBIS Translated Text] On 22 August 1995 a scientific seminar on 50 years of the diplomatic branch was held at the International Relations Institute. The director of the International Relations Institute, Dao Nguy Ngoc, presided over the seminar.

The seminar was attended by Vice Premier Phan Van Khai, Foreign Minister Nguyen Manh Cam, former Foreign Minister Nguyen Co Thach, leadership comrades of the Ministry of Foreign Affairs, and senior diplomats, along with generals, scientists, and high-ranking cadres of the relevant ministries and sectors.

The speeches dealt with a number of topics, problems, and characteristics of the Vietnamese diplomatic branch during the past 50 years under the Communist Party of Vietnam and made recommendations to help the process of recapitulating Vietnamese diplomacy.

Vice Premier Phan Van Khai gave a speech at the seminar in which he illuminated the accomplishments of Vietnamese diplomacy and the new requirements of the sector. The Vice Premier emphasized:

During the very first years after the Democratic Republic of Vietnam was founded it had to carry out extremely complicated diplomatic activities with foreign adversaries who, in league with reactionary forces in Vietnam, were plotting to annex and enslave our country. The perilous circumstances of that time demonstrated even more clearly the ability and intellect of President Ho Chi Minh, the great leader of the Vietnamese revolution and the person who founded Vietnamese diplomacy. In our people's two arduous and heroic resistance wars, under the leadership of the Party, the diplomatic front was always closely coordinated with the military and political fronts, with the just cause serving as the focal point and combining the strength of the nation with that of the era and the movement for peace and progress in the world to create a status and force of diplomatic offensive, which contributed importantly to the historic victories in negotiating and signing the Geneva Agreement of 1954 and the Paris Agreement of 1973. In the enterprise of building and defending the unified fatherland, especially in the process of renovating and developing the nation, the state's diplomatic activities, closely combined with the Party's foreign affairs work and people's diplomacy, according to an ex-



ternal line of opening up, multilateralizing, and diversifying, achieved outstanding accomplishments. From a situation not long ago that was still extremely unfavorable, in which we were encircled and isolated in international relations, we turned the situation around and transformed it into the reality of the proclamation of the Seventh Party Congress: "Vietnam wants to be friends with all nations in the world community and strive for peace, independence, and development." The image of a renovated Vietnam is a positive factor for peace, cooperation, and development, and is restoring and developing the confidence, sympathy, and support that the people of the world and many governments had for our country and people during the resistance war years. The great diplomatic victories were the combined result of the accomplishments of renovation and development in Vietnam, combined with a correct external policy that was in accord with the developmental tendencies in the region and in the world. Our party, state, and people have the right to be proud of being worthy of the great accomplishments it has achieved, including important diplomatic victories, and highly evaluate the outstanding accomplishments of all diplomatic cadres and personnel, the vanguard ranks in the diplomatic sphere.

The great victories that have been won during the past 10 years, stabilized and developed, created a status and force that brought our country into a new phase of development, a phase that will lead toward industrialization and modernization. In consonance with that process, we have taken a step forward in joining the international community. Our country has become the seventh member of ASEAN, normalized relations with the U.S., and signed a framework treaty regarding cooperation with the European Alliance. At the same time, we have the best internal conditions and the most favorable international relations. Never has our country faced such a good developmental opportunity as at present.

However, it is necessary to realize clearly that that opportunity does not come alone, but with great challenges, the most fierce of which is the peril of falling even further behind with regard to development in comparison to many countries in the region. But if we do not overcome that challenge our country's fate will be that of a country that supplies raw materials and cheap labor, is a consumer market for foreign countries, and comes out on the short end and has an inferior position in cooperative relations and international competition. We have no other choice than to make rapid and solid progress, with a socialist orientation and five goals: a rich population, a strong country, a just and civilized society, overcoming the situation of being a poor, underdeveloped country, and gradually reducing the gap

with—and eventually catching up to—the other countries in the region.

Diplomatic activities are in the most favorable situation ever. At the same time, we are facing the new requirements of the enterprise of building and defending the nation and must resolve complicated relationships against the background of the world and the regional situations having many factors that are difficult to fully assess.

Joining the international community is both a content and an indispensable condition of the process of renovating and developing the nation. Foreign affairs activities are increasingly penetrating practically all sectors and spheres. The diplomatic sector is responsible for researching, and recommending to the Party Central Committee and Government foreign affairs lines and policies with a strategic view. It also has the role of opening the way with regard to political relations, and guiding and creating conditions for the development of foreign affairs activities in many spheres, the focal point of which is the economic sphere. All foreign affairs activities must ensure the principles of maintaining independence and autonomy, protecting national interests, having a clever strategy in cooperating with and struggling against the different adversaries, and creating an international environment and relations favorable for the development and defense of the nation.

I think that the new phase of national development and the new requirements of the process of joining the international community demand that the diplomatic sector advance to new heights and expand its activities on a larger scale if it is to fulfill its mission. Now more than ever, the ranks of diplomatic cadres must be trained, bolstered, and rejuvenated. They must be absolutely loyal to the interests of the Vietnamese fatherland, have the knowledge, ability, and language skills to meet the new requirements, and have a style that is exemplary of the intelligence and nature of the Vietnamese nation, so that it can be on a par with the rest of the world. Vietnam's representative organs abroad must raise their level of expertise about the host nation in order to fulfill well tasks related to state relations, while at the same time supporting the development of non-governmental bilateral relations and serving as a reliable source of support for Vietnamese living in the host nation.

With the experience of 50 years of building and maturation, and with a large corps of cadres who have received basic training and have been steeled and challenged in actual work, I believe that the diplomatic sector will advance more rapidly in the new phase and outstandingly fulfill all missions assigned by the party and state, to be worthy of the precious award—the Gold Star Medal—that the President has just bestowed upon the sector.



### **S.Pacific Forum Excludes France From Talks**

OW0310012095 Tokyo KYODO in English  
0112 GMT 3 Oct 95

[FBIS Transcribed Text] New York, Oct. 2 KYODO — The 16-nation South Pacific Forum on Monday [3 October] excluded France from the forum as a dialogue partner in protest of the country's second detonation in a new series of nuclear tests in its south Pacific territory.

At the annual summit meeting in Papua New Guinea last month, the leaders of the forum expressed outrage over France's resumption of nuclear weapons testing in the region.

France detonated a nuclear device Sunday at Fangataufa Atoll, following one at Mururoa Atoll on Sept. 5.

### **Cook Islands**

#### **Prime Minister Condemns French Nuclear Test**

LD0310151595 Melbourne Radio Australia  
in English 0700 GMT 3 Oct 95

[FBIS Transcribed Excerpt] The Cook Islands prime minister, Sir Geoffrey Henry, has expressed his government's strong condemnation and grave concern over yesterday's French nuclear test. Sir Geoffrey says there is little doubt that the latest test will result in a further deterioration of relations between France and countries of the Pacific region. [passage omitted]

### **French Polynesia**

#### **France Bans Women's Rally; Temaru Comments**

BK0410045095 Hong Kong AFP in English  
0336 GMT 4 Oct 95

[Report by David Williams]

[FBIS Transcribed Text] Papeete, Oct 4, (AFP) — France fired a preemptive strike Tuesday at plans for an anti-nuclear march in Tahiti, barring a group of overseas protesters from French Polynesia.

Citing the risk to public order, the French High Commission said it would refuse entry to a party of protesters from across the Pacific, led by the Women's League of New Zealand.

The women had chartered a plane from New Zealand to arrive in the Tahitian capital Thursday, returning the same day after joining a protest march.

"Taking into account the risk of this gathering and march disturbing peace and public order, the Women's League of New Zealand has been informed that no authorisation to enter will be granted," the High Commission said.

In Auckland, New Zealand National Party MP Dianne Yates, who was to have joined the group, said she was "bitterly disappointed. We were going in peace. We were taking toys and peace gifts. The French ... see us as assisting the independence movement there."

Tahitian independence leader Oscar Temaru, organiser of the demonstration, told AFP the entry ban did not surprise him and said "we will organise our march as planned."

"They want to isolate us from the other countries of the world, that is another example of the French colonial system," Temaru said, adding that he had been "fighting against this system for years."

The march is scheduled for late Thursday in the poor district of Faaa, the area around Papeete's international airport where riots broke out last month.

"It will be peaceful in our spirits, in our minds, but I say if they send troops to prevent that demonstration to happen, that will cause trouble," Temaru told a media conference earlier.

The first of a series of six-to-eight French nuclear tests on September 5 at Mururoa atoll triggered two days of riots in Papeete in which demonstrators torched the airport, cars and several buildings.

Temaru, who is also the mayor of Faaa, blamed French gendarmes for provoking the violence by firing tear gas on peaceful protesters at the airport landing strip.

"They sat down peacefully, unarmed people, and the troops came there, shoot on them..." the independence leader said.

"I just don't understand why they used arms against unarmed people, peaceful demonstration," he said.

Thursday's protest march would start at a memorial to Polynesians who died fighting French troops in 1845 and continue to the town hall of Faaa, Temaru said.

The cause of independence was closely linked to French nuclear testing on the atolls of Mururoa and Fangataufa and the march would protest France's second nuclear test, conducted Sunday, he said.

No scientist could guarantee the future of the atolls and the Pacific Ocean.

"We know that the atoll of Mururoa is contaminated and also Fangataufa but the French army, the French government keep denying," Temaru told the media conference

"That is why ... we would like this country to become independent, that will allow us to sue the French



government before the international court of justice as a state."

Earlier Tuesday, a few dozen anti-nuclear demonstrators gathered peacefully outside the territorial parliament of French Polynesia in Papeete.

The protest organised by Charlie Ching, head of the Free Tahitians independence party, called for nuclear testing to be debated in the territorial parliament.

France airlifted two 90-strong squadrons of gendarmes to Papeete last week, bringing the total force to 810, or nine squadrons, in addition to a locally-based force of 350 gendarmes spread across the territory.

### New Zealand

#### France Deports U.S. Greenpeace Ship Captain

*BK0410005695 Hong Kong AFP in English*  
2054 GMT 3 Oct 95

[FBIS Transcribed Text] Auckland, Oct 4 (AFP) — Brad Ives, the American skipper of the Greenpeace yacht *Manutea*, was Wednesday deported to New Zealand by the French military who seized the boat off Mururoa Atoll in French Polynesia, Greenpeace said here.

The *Manutea* — the last vessel in Greenpeace's Pacific protest flotilla — was seized Monday just hours before

France's second nuclear test at Fangataufa. The military claimed *Manutea* had launched a canoe from international waters into the Fangataufa lagoon.

Michael Szabo of Greenpeace New Zealand however said Monday that the explanation was a "complete fabrication," adding that the canoe had not come from *Manutea*.

The move to deport Ives to New Zealand was in contrast to the treatment meted out to Greenpeace campaigner Stephanie Mills.

The New Zealander was also arrested and deported in another ship seizure last month, but rather than deport her directly to her home country, the French military took her to France where she was expelled.

"I don't know the logic of the French military and how they decide which part of the world to deport you from," Szabo said.

It seems New Zealanders get (deported) from Paris and people from the Northern Hemisphere are deported via New Zealand," he added.

"Perhaps there is a strange logic to it."



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